



UFO Moviez India Limited Q1FY26 Earnings Conference Call

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MANAGEMENT:

MR. RAJESH MISHRA – EXECUTIVE DIRECTOR AND GROUP CEO, UFO MOVIEZ INDIA LIMITED

MR. ASHISH MALUSHTTE - CHIEF FINANCIAL OFFICER, UFO MOVIEZ INDIA LIMITED

MR. SIDDHARTH BHARDWAJ – CEO, DIGITAL CINEMA NETWORK BUSINESS, UFO MOVIEZ INDIA LIMITED

SR. ANALYST:

Mr. AMIT PATIL – VENTURA SECURITIES LTD

Moderator: Ladies and gentlemen, good day, and welcome to the UFO Moviez India Limited Q1FY26 earnings conference call hosted by Ventura Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal the operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Amit from Ventura Securities Ltd. Thank you and over to you, Sir.

Amit Patil: Thank you. Good day, ladies and gentlemen. On behalf of Ventura Securities Ltd, I welcome you all to the Q1FY26 earnings call of UFO Moviez India Limited. The company today is represented by Mr. Rajesh Mishra, Executive Director and Group CEO of the company, Mr. Ashish Malushte, Chief Financial Officer, and Mr. Siddharth Bhardwaj, CEO-Digital Cinema Network business of the company. I would now like to hand over the call to Mr. Mishra for opening remarks, post which we can open the floor for Q&A. Thank you and over to you Sir.

Rajesh Mishra: Thank you, Amit. Greetings everyone and thank you all for joining our Q1FY26 earnings conference call.

The quarter began with regional and mid-budget successes, led by Ajith Kumar’s “Good Bad Ugly”, which saw pan-India appeal. Films like “Thudarum”, “Jaat”, and “Kesari Chapter 2” performed steadily, though titles such as “Ground Zero”, “Phule”, and “Retro” underwhelmed. May saw a major boost with Ajay Devgn’s blockbuster “Raid 2” and strong showings from “Bhool Chuk Maaf” and Tamil hit “Tourist Family”. June sustained the momentum with franchise successes like “Housefull 5” and Aamir Khan’s “Sitaare Zameen Par”, though a few titles like “Thug Life” and “Kubera” missed expectations, reflecting ongoing mid-tier market volatility.

Overall, Q1FY26 reflected a balanced theatrical quarter. While not all titles met expectations, the success of small and mid-budget films, select blockbusters and regional hits reaffirmed the importance of strong storytelling, franchise value, and audience connection. With stable revenues and encouraging consumer sentiment, the outlook for exhibition business continues to improve heading into the second quarter.

In total, 456 movies were released (including versions/languages) during the quarter, compared to 476 in Q1FY25 and 458 in Q4FY25.

On the screen network front, our advertising footprint now stands at 3,762 screens. This includes 2,251 multiplex screens and 1,511 single screens.

Turning to the key figures for the quarter ended June 2025 –

The consolidated revenue for Q1 FY26 grew by 15% to ₹ 1,090 million, compared to ₹ 945 million in Q1 FY25. and increased by 16% from ₹ 940 million in Q4 FY25.

EBITDA grew by 194% to ₹ 193 million, compared to ₹ 66 million in Q1 FY25, and increased by 64% from ₹ 118 million in Q4 FY25.

The company reported a net profit of ₹ 65 million in Q1 FY26, compared to a net loss of ₹ 42 million in Q1 FY25 and a net loss of ₹ 7 million in Q4 FY25.

The consolidated cash at the end of the quarter was ₹ 1,239 million, and the net cash was ₹ 537 million after considering outstanding debt.

Looking ahead, while the Q2 began on a mixed note with the release of films such as “Metro... In Dino”, “Maalik”, “Aankhon Ki Gustaakhiyan”, “Tanvi the Great” and “Nikita Roy”, the strong box office response to “Saiyaara” was a promising indicator for the remainder of the quarter. The outlook for the upcoming quarter remains positive, with several high-profile releases slated, including “Dhadak 2”, “Son of Sardar 2”, “War 2”, “Coolie”, “Param Sundari”, “Baaghi 4”, “Jolly LLB 3”, “The Conjuring: Last Rites” and “Vash Level 2”. With this robust lineup, we remain optimistic about continuing with the momentum and delivering an even stronger performance in the coming quarter.

I would like to take this opportunity to thank all our stakeholders for their continued trust in the company.

With that I open the floor to take your questions. My colleagues, Mr. Ashish Malushte-Chief Financial Officer and Mr. Siddharth Bhardwaj – CEO and I will be happy to take your questions.

Moderator: First question is from Vaibhav Barjatya. Please go ahead.

Vaibhav Barjatya: Thank you for providing me with the opportunity. I just wanted to understand any update on the Central Government advertising -- I mean, any update from the Government circles that when this advertising will be back to normal? So, if you can just provide an update on that, that could be helpful.

Rajesh Mishra: Our state government business continues to remain steady. However, central government advertising has lagged over the past few years. That said, we've recently seen some minor traction in ads being released by the central government, which is a positive indicator for the future.

When it will return to pre-COVID levels remains uncertain, as this is entirely dependent on the central government's allocation and policy.

Nonetheless, we remain optimistic, as we've been receiving inquiries from various departments and ministries for advertising. So, we are hopeful on that front

Vaibhav Barjatya: Understood. That's it from my side. Thank you.

Moderator: Thank you. Next question comes from Pooja Jain from Trinetra Capital. Please go ahead.

Pooja Jain: My question is that the revenue grew 13% YoY with PAT. So, I want to know the primary revenue drivers. Was it from distribution, advertising, or anything else? And how sustainable is this profit turnaround?

Ashish Malushte: Your question has two parts. Let me first address the part related to revenue growth. We've seen a fairly democratic and broad-based growth across all our revenue lines. Advertisement revenue grew by 28%, while distributor service fee revenue registered a growth of around 6%.

Lease rental revenue, which is more or less in linked line or related to the number of installations that we have, has remained flat with a very small growth of 2%. And the other line item that we have about sale of digital cinema, equipment and related items, that has also seen a 13% YoY.

So, overall, all revenue lines have performed well on a year-on-year basis. This is reflective of the slow but steady return of consumer confidence in cinema viewing as compared to alternatives like OTT. We're also observing a trend where some films are performing unexpectedly well at the box office, and that's gradually translating into stronger numbers.

Coming to the second part of your question on profitability growth—whether it is sustainable—the answer is yes, and let me explain why. During last year's earnings call, we shared that, in response to the post-COVID challenges faced by the film industry, we undertook cost optimization measures. Since December last year, we've streamlined the organization, keeping overheads tightly controlled.

Now, as the business begins to turn around, these efficiencies are contributing meaningfully to profitability. This is particularly true for advertisement revenue, which carries a high incremental margin—with PBT margins in the range of 55–60%.

So, any improvement in ad revenue, which obviously is on the back of the improvement in the cinema-viewing overall experience in the country, is going to disproportionately add to the profitability of the Company.

So, this is what I can tell you about last quarter and how we look at this quarter as an indication going forward.

Pooja Jain: Got it. Are the margins expected to expand like the profit margin?

Ashish Malushte: Yes, as I mentioned earlier while responding to the previous question, advertising revenue is expected to be the key driver of revenue growth going forward, since distributor revenue and rental income are more or less flat in our case.

That contributor adds to almost 55-60% in margin. So, any increase in the advertisement revenue, therefore, is accreted to the overall margin, including EBITDA or PBT margin.

Pooja Jain: Ok. That's all from my side. Thank you so much.

Moderator: The next question is from Hemant Shah from Seven Islands PMS. Please go ahead.

Hemant Shah: Hi. Thank you for the opportunity. I just have one question with respect to the average minutes sold. This quarter, average minutes sold was around 4.31 vis-a-vis 2.35 last year as per slide number 10. And with respect to them, the advertisement sharing has been reduced. What is the correlation between the two? And can we expect a little bit more minutes to be sold going forward, seeing the good traction at the beginning of the year? Thank you.

Ashish Malushte: So, most certainly. There are two parts to your question — one relates to the ad share, and the other concerns the ad minutes sold and their potential to grow. I'll request Siddharth, our CEO who's also on this call, to address the second part. But before that, let me explain if there's any correlation between the two and how we view the ad share percentage.

You're right — the ad share, as a percentage of revenue, has declined. This is primarily because, across our network, we now offer a minimum guarantee to most of our key screens. As you may have noticed in our presentation, multiplexes now account for over 2,200 screens out of the total 3,762 in our network.

We follow a revenue-sharing model where we offer a minimum guarantee to these theatres. This guarantee is relatively higher compared to the earlier model, where we used to share revenue at a fixed rate — typically around 25%. As overall revenue increases, this fixed minimum guarantee becomes a smaller percentage of the total, and that's what you're seeing now.

As revenue continues to grow, this percentage will keep declining. Eventually, the minimum guarantee will convert back into a revenue-sharing model, but that's still some time away. Until then, you'll continue to see a decline in ad share as a percentage of revenue.

Now, on to the second part. There isn't a direct correlation between ad minutes going up and ad share percentage. However, as the number of minutes increases, the ad share percentage could go down — simply because of how the fixed costs and guarantees are structured.

So, with that, I'll now hand it over to Siddharth to shed more light on the number of ad minutes and their growth potential going forward.

Siddharth Bhardwaj: This is a very valid question. I think over the last four to five years—post-COVID—we've been trying to increase the number of minutes sold while keeping the effective rate (ER) intact. This largely depends on the flow of content from films and how that content performs.

We've observed that sentiment towards cinema-going has dramatically improved, and encouragingly, this improvement was visible in the first quarter itself. What this essentially does is positively influence advertisers to commit to cinema advertising for the year.

In fact, a lot of good happened in the last month of Q1—cinema admissions increased, which in turn positively influenced advertisers' willingness to commit to cinema advertising. So, we're confident that the number of ad minutes will definitely go up.

Also, as a trend, H2 and Q2 typically see higher utilization of ad minutes. PSU and government advertising, however limited, contributes to pushing the number of minutes sold. Even corporates are more forthcoming with their spending in Q2, Q3, and Q4, especially since a significant part of Q1 gets diverted towards IPL, where a large share of ad spend goes. Now, the runway is fairly clear for advertisers to come back—provided the content supports it.

I hope that helps.

Hemant Shah: Sure, yeah, of course. I have one more question — in the past, what was our highest average ad unit sold in any quarter, maybe pre-COVID?

Ashish Malushte: So that is 7.4 minutes in Q4 FY18 and 6.8 minutes in Q4 FY19. But let me tell you an important point here, in both these years, you see the spike in Q4 and that is the time when government used to do very active spending in Q4. And therefore, the government share in the 7 minutes would be at least 60%.

Hemant Shah: Right. You mean, that's because of elections, I guess?

Ashish Malushte: It's not really about elections. The government typically makes an allocation, which generally expires in March. Historically, they used to increase their spending from the festive season onward, peaking in Q4. However, since central government spending has significantly declined post-COVID, we've changed our strategy and started focusing more actively and intensively on corporate clients.

A key point to note is that of the current ad spend of 4.31 minutes, 3.3 minutes have come from corporates — which is probably the highest we've seen so far. But there's still a significant headroom. Average ad minutes can go as high as 12 to 15 minutes.

Hemant Shah: Okay, so I'm just trying to understand the operating leverage that could play out if the average ad minutes sold increases from, say, 4.31 to 5.2. I mean, can we expect significant operating leverage at the PBT level in that case?

Ashish Malushte: Absolutely. As I mentioned in response to an earlier question, there is significant operating leverage here — because any incremental ad revenue, driven by higher ad minutes, carries a PBT margin of nearly 55–60%.

So, with both pricing and volume going up, it's highly accretive to margins and absolute profit

Hemant Shah: Great. Thank you so much.

Moderator: Thank you. That are no further questions. Now, I will hand over the floor to Mr. Rajesh Mishra for closing comments.

- Rajesh Mishra:** Thank you all for joining today's call. Our teams are available to provide any further information or clarification you may need. We appreciate your time and continued support. Thank you very much, everyone.
- Moderator:** Ladies and gentlemen, this concludes the conference call for today. Thank you for your participation.

The transcript has been edited for language and grammar; it, however, may not be a verbatim representation of the call.