The Indian Media & Entertainment landscape

Spends 2.5 hours per day watching online media
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1. M&E sectoral overview
2. TV industry landscape
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M&E sectoral overview
M&E sector – An overview
Indian M&E sector to touch INR 2 trillion by 2020

Segment wise break up of M&E Sector

<table>
<thead>
<tr>
<th>CY2017</th>
<th>CY2018E</th>
<th>CY2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>INR bn</td>
<td>CAGR 11.3%</td>
<td>2033</td>
</tr>
<tr>
<td>1473</td>
<td>1658</td>
<td>17</td>
</tr>
<tr>
<td>16%</td>
<td>16%</td>
<td>9%</td>
</tr>
<tr>
<td>7%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>9%</td>
<td>11%</td>
<td>20%</td>
</tr>
<tr>
<td>23%</td>
<td>21%</td>
<td>20%</td>
</tr>
<tr>
<td>45%</td>
<td>45%</td>
<td>44%</td>
</tr>
</tbody>
</table>

CAGR (2017-20)
- TV: 9.8%
- Print: 6.8%
- Films: 7.2%
- Digital Media: 23.5%

KEY HIGHLIGHTS
- By 2020, TV still to be the biggest; digital media to grow the fastest
- Global audience adoption to drive faster growth in films, could see increase in high budget films
- Print media – Subscription revenues led to growth so far, now growth to be seen in advertising segment as well
- VFX, gaming and live events could see traction; India to be an outsourcing hub for VFX segment

Source: FICCI Frames, Re-imagining India’s M&E sector, March 2018
Digital media: Setting the context
Globally, consumption is moving to mobiles, India has large mobile-only users with factors pointing towards increasing consumption.

India is leading the way – consumption on mobile over desktop

<table>
<thead>
<tr>
<th>Country</th>
<th>Mobile Unique Visitors as % of Desktop Unique Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>397%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>249%</td>
</tr>
<tr>
<td>China</td>
<td>134%</td>
</tr>
<tr>
<td>Mexico</td>
<td>132%</td>
</tr>
<tr>
<td>Spain</td>
<td>127%</td>
</tr>
<tr>
<td>Brazil</td>
<td>116%</td>
</tr>
<tr>
<td>Italy</td>
<td>114%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>106%</td>
</tr>
<tr>
<td>UK</td>
<td>100%</td>
</tr>
<tr>
<td>USA</td>
<td>90%</td>
</tr>
<tr>
<td>Argentina</td>
<td>90%</td>
</tr>
<tr>
<td>Canada</td>
<td>81%</td>
</tr>
<tr>
<td>Germany</td>
<td>68%</td>
</tr>
<tr>
<td>France</td>
<td>48%</td>
</tr>
</tbody>
</table>

Markets which have a mobile audience larger than its desktop audience – truly ‘mobile first’
Markets where the mobile audience is equal to or smaller than the desktop audience

In India, the ecosystem is favorable towards higher video and audio consumption over the 3-5 years

<table>
<thead>
<tr>
<th>Rise in online video audience (in mn)</th>
<th>Rise in online audio audience (in mn)</th>
<th>GB consumed/ smartphone/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>250</td>
<td>87.6</td>
<td>3.9</td>
</tr>
<tr>
<td>2020E</td>
<td>2022</td>
<td>2023E</td>
</tr>
</tbody>
</table>

Source: comScore MMX Multi-Platform, Dec 2017
Digital media consumption by platform
Indians are spending over 150 minutes a day on mobile apps – majorly on social media and entertainment

Segment wise time spent for an Indian user

- Social Media & Instant messaging 4%
- Entertainment 28%
- Others 48%
- Games 20%
- Others 5%

Platform

<table>
<thead>
<tr>
<th>Platform</th>
<th># Active Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>270 mn</td>
</tr>
<tr>
<td>WhatsApp</td>
<td>200 mn</td>
</tr>
<tr>
<td>YouTube</td>
<td>224 mn</td>
</tr>
<tr>
<td>Instagram</td>
<td>59 mn</td>
</tr>
</tbody>
</table>

Source: comScore MMX Multi-Platform, Dec 2017, Statista, Financial Times, Quartz Media
This Story as being played out in India

Globally and in India, convergence is the new disruptor – Players in previously “defined silos” are now competing across the value chain.
## Market wise opportunity

With rise in OTT consumption, many players are trying to capture the market through unique content offering

<table>
<thead>
<tr>
<th>OTT Player</th>
<th>Content buckets</th>
<th>Languages</th>
<th>Revenue model</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>hotstar</td>
<td><img src="#" alt="TV shows, movies, news and sports" /></td>
<td><img src="#" alt="English Hindi and various regional languages" /></td>
<td>Advertising + Subscription</td>
<td>Only OTT player to offer sports in regional languages</td>
</tr>
<tr>
<td>Netflix</td>
<td><img src="#" alt="TV shows, movies and news" /></td>
<td><img src="#" alt="English Hindi and various regional languages" /></td>
<td>Subscription</td>
<td>Larger content library in English</td>
</tr>
<tr>
<td>YouTube</td>
<td><img src="#" alt="TV shows, movies, news and sports" /></td>
<td><img src="#" alt="English Hindi and various regional languages" /></td>
<td>Advertising + PPV</td>
<td>High amount of user generated content</td>
</tr>
<tr>
<td>Amazon Prime</td>
<td><img src="#" alt="TV shows, movies and news" /></td>
<td><img src="#" alt="English Hindi and various regional languages" /></td>
<td>Subscription</td>
<td>Investing into regional content – Bengali</td>
</tr>
<tr>
<td>Voot</td>
<td><img src="#" alt="TV shows, movies, news and sports" /></td>
<td><img src="#" alt="English Hindi and various regional languages" /></td>
<td>Advertising</td>
<td>Very few original shows and working on shows in Telugu and Malayalam</td>
</tr>
<tr>
<td>Sony Liv</td>
<td><img src="#" alt="TV shows, movies, news and sports" /></td>
<td><img src="#" alt="English Hindi and various regional languages" /></td>
<td>Advertising + Subscription</td>
<td>Starting Marathi web series</td>
</tr>
<tr>
<td>Jio Play</td>
<td><img src="#" alt="TV shows, movies, news and sports" /></td>
<td><img src="#" alt="English Hindi and various regional languages" /></td>
<td>Advertising and for Jio subscribers</td>
<td>Aggregator of all Indian TV channels</td>
</tr>
<tr>
<td>Spuul</td>
<td><img src="#" alt="TV shows, movies and news" /></td>
<td><img src="#" alt="English Hindi and various regional languages" /></td>
<td>Subscription</td>
<td>Content sharing agreement with Dharma productions</td>
</tr>
</tbody>
</table>

Other players include Airtel, Vodafone, Eros Now, ALT Balaji, Viu, ZEE5, dittoTV, Sun NXT, TVF Play, hungama
Factors contributing to rise in digital consumption

Reduced data charges
Reduced by ~96% from Sept. to Dec 2016

Internet penetration
Expected to grow by ~52% by 2021

Rising disposable income
Expected to grow by ~55% by 2020

Increase in smartphone users
176 mn. new smartphone users in next 5 years

Language enablement ecosystem
Increasing language and content support to enable larger user base

Improving digital literacy
Increasing digital literacy to enhance adoption

Growth drivers
TV industry landscape
Overview
TV Industry

With 64% TV penetration India still has headroom for growth; hence expected to grow at 9.3% to be worth INR 862 bn by 2020

- TV industry to grow at 9.3%
- Factors favoring
  - Room for higher TV penetration
  - Digitization that would bring higher ARPUs
  - There are over 300 pay channels, 577 FTA channels, producing content in more than 15 languages

Increased TV penetration and digitization to help realize further benefits in the industry

Source: FICCI Frames, Re-imagining India’s M&E sector, March 2018; FICCI Frames, India’s M&E sector, 2014, FICCI Frames 2018, BARC Report
TV Industry
The industry is undergoing rapid shifts with every player trying to have a direct line of sight with the end user

Content Producers
- Production houses
- Movie Studios
- Sports rights holders
- Broadcasters

Broadcasters
875 channels in India, reaching 183 million households and 780 million individuals

Distribution
- DTH Operators
- MSOs and LCOs
- HITS
- IPTV

Consumers
End Users – Content consumers

New Entrants – OTT Platforms (E.g.: Netflix, hotstar...)

WWW.
TV Industry

Top networks dominate eyeballs share; GEC, the most popular; Viewership highest among the youth

Top 10 networks contribute to 80% viewership

What is watched on the networks

Who is watching these networks

Viewership across ages (million impressions)

Source: FICCI Frames, Re-imagining India’s M&E sector, March 2018
TV Industry
Regional genre driving both revenue and viewership

<table>
<thead>
<tr>
<th>% change in viewership (2017 over 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Gujarati</td>
</tr>
<tr>
<td>Assamese</td>
</tr>
<tr>
<td>Marathi</td>
</tr>
<tr>
<td>Bangla</td>
</tr>
<tr>
<td>Oriya</td>
</tr>
<tr>
<td>Kannada</td>
</tr>
<tr>
<td>Bhojpuri</td>
</tr>
<tr>
<td>Punjabi</td>
</tr>
<tr>
<td>Telugu</td>
</tr>
<tr>
<td>Tamil</td>
</tr>
<tr>
<td>Hindi</td>
</tr>
<tr>
<td>Malayalam</td>
</tr>
</tbody>
</table>

TV Revenue - Genre wise contribution in 2017

- Hindi GEC + FTA: 27%
- Regional Satellite: 11%
- News: 9%
- Sports: 9%
- Hindi Satellite - Movies: 5%
- English: 5%
- Music: 3%
- Kids: 3%
- Others: 28%

Source: BARC data, road show presentation May 2018, Pitch Madison advertising report 2018
Film Industry

The Indian film industry is the world’s largest in terms of both number of films produced annually, as well as footfalls; However, it lags behind heavily in terms of box office collections and screen density.

Top countries by number of film productions

- India: 1986
- Nigeria: 997
- USA: 791
- China: 686
- Japan: 594

Top countries by Box office revenue (USD Billion)

- USA: 10.24
- China: 8.59
- India: 2.39
- Japan: 2.25
- UK: 1.73

Top countries by box office admissions (Millions)

- India: 2263
- China: 1620
- USA: 1181
- Mexico: 331
- South Korea: 218

Screen Density of select countries (screens per million population)

- USA: 125
- UK: 60
- South Korea: 40
- China: 16
- India: 8

Source: Statista
The Indian Film Industry is expected to grow at a CAGR of 11.9% till 2020 driven by broadcast/digital rights and in-cinema advertising.

Segment-wise break up of Indian Film Industry Revenues over 2016-20

- Domestic Theatricals
- Overseas Theatricals
- Broadcast Rights
- Digital/OTT Rights
- In Cinema Advertising
- Home Video

- The Indian Film Industry posted a growth of 27% in 2017, driven by box office collections – both domestic & international.
- Domestic theatricals has been the industry’s biggest revenue stream, it contributed over 60% of the total industry revenues in 2017.
- Domestic theatricals along with Overseas theatricals have been the key growth drivers, contributing ~78% of the overall industry topline in 2017.
- Broadcast rights have been the second largest revenue stream for the industry – expected to grow in the coming years.
- Sale of digital rights increased massively by 40% in 2017 and are expected to continue posting double digit growth for the next couple of years.

Source: Re-imagining India’s M&E Sector – FICCI Report March 2018
Film Industry
The value chain of the Indian Film Industry comprises of three key processes - Production, Distribution and Exhibition

1 Development
- Rights, Acquisitions
- Script Development
- Financing

2 Pre-Production
- Cast & Crew Selection
- Greenlighting Financing

3 Production
- Shooting Schedule

4 Post-Production
- Editing & Soundtrack

5 Promotion
- Trailers
- Advertising
- Publicity

6 Distribution
- Sales
- Agreements & Negotiations

7 Exhibition
- Theatricals (Cinema)
- DVD/Blu-Ray
- TV (free/ pay per view TV)
- OTT
Film Industry

While the number of profitable films have stayed more or less constant over the past 5 years, loss making films have been increasing in number, on a YoY basis.

**Concentration of revenues is increasing at the top, while the long tail is loss-making**

<table>
<thead>
<tr>
<th>Year</th>
<th>Hit</th>
<th>Super-Hit</th>
<th>Plus</th>
<th>Losing</th>
<th>Flop</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>39</td>
<td>39</td>
<td>34</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>2014</td>
<td>34</td>
<td>39</td>
<td>43</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>2015</td>
<td>35</td>
<td>45</td>
<td>43</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>2016</td>
<td>34</td>
<td>45</td>
<td>43</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>2017</td>
<td>36</td>
<td>45</td>
<td>43</td>
<td>45</td>
<td>45</td>
</tr>
</tbody>
</table>

The Hindi Film Industry certifies 200-300 film releases every year, but almost 98% of the total net box office collection can be attributed to just the top 50 films.

There are several contributing factors to this skew in the industry performance:
- Increasing cost of production and talent
- Rising importance of quality content
- High distribution costs and challenges

**Source:** Koimoi.com; Boxofficeindia.com
Film Industry
As Hindi Cinema’s share of total industry revenues decline, Hollywood and Regional Cinema’s revenues have been on the rise for the past few years.

- Hindi Cinema’s share of total revenues declined to ~40% in 2017 from 43% in 2015
- Hollywood and international films steadily increased their contribution by 3%
- Regional cinema maintained its share at ~50%.
- The continued success of regional films can be attributed to the increasing appetite of audiences for dubbed cinema - especially in the south as well as the maturing of Marathi and Punjabi cinema
- There have also been rising investments and interest among broadcasters as well as digital platforms, to provide regional cinema to audiences

Key trends observed in Regional Cinema and Hollywood films
- Average occupancy of regional films increased to 45-46% from 39-40% in 2016, according to BookMyShow
- Regional films outdid their Bollywood counterparts overseas, gaining popularity in countries like Malaysia, South America, UAE etc
- Hollywood’s box office collections were around INR 8 Billion, with the top 10 Hollywood films accounting for more than half of the revenues

Film Industry
Even as income from ticket sales remains the dominant revenue generator, advertising and F&B are also rising revenue streams for major Multiplex chains.

**PVR Revenue Streams 2016-17**

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Ticket Price (INR)</th>
<th>INR Million</th>
<th>Other Income</th>
<th>Sale of food and beverages</th>
<th>Advertisement Income</th>
<th>Income from sale of movie tickets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>11,606</td>
<td>19,130</td>
<td>7.8%</td>
<td>22.9%</td>
<td>7.8%</td>
<td>61.4%</td>
</tr>
<tr>
<td>2017</td>
<td>12,207</td>
<td>21,820</td>
<td>7.6%</td>
<td>23.3%</td>
<td>7.9%</td>
<td>61.3%</td>
</tr>
</tbody>
</table>

**Inox Revenue Streams 2016-17**

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Ticket Price (INR)</th>
<th>INR Million</th>
<th>Other Income</th>
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<td>7.9%</td>
<td>61.3%</td>
</tr>
</tbody>
</table>

Growing ATPs and increasing footfalls together driving growth in movie ticketing revenues for exhibitors.

Contribution of F&B now up to 23-25% for leading exhibitors.

**In-Cinema advertisement revenue growth has begun to gain momentum.**

**Spend per head (INR)**

<table>
<thead>
<tr>
<th>Year</th>
<th>INR Million</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>58</td>
<td>72</td>
<td>62</td>
</tr>
<tr>
<td>2017</td>
<td>81</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Average Ticket Price (INR)**

<table>
<thead>
<tr>
<th>Year</th>
<th>INR Million</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>170</td>
<td>188</td>
<td>178</td>
</tr>
<tr>
<td>2017</td>
<td>196</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Reports
Film Industry
The industry has observed shifting dynamics, in response to internal and external competition, as well as regulatory changes

**Vertical Integration**
In order to achieve significant cost advantages, most film studios have created their own distribution arms, thus avoiding profit-sharing agreements.

**Multiplex Consolidation**
The multiplex sector has observed high M&A activity for the past few years, leading to only a few big players as compared to a highly fragmented market 5-6 years ago.

**Entry of OTT Platforms**
Identifying India as a lucrative market has led to the entry of many OTT platforms. This has generated a new revenue stream for film producers, as well as given a new avenue to regional/ non-commercial cinema producers for showcasing their work.

**FDI**
The Government of India has granted FDI of up to 100 percent, up from the previous limit of 74 percent, through the automatic route.

**Treaties with countries**
Co-production treaties with nations like Italy, Brazil, UK and Germany have been signed in order to improve the export potential of the film industry.
Print Media landscape in India
Overview
Print Media

Unlike the global trend, Indian print media continues to grow, largely on back of the vernacular markets

• The Indian Print industry grew by 2.6% in 2017 to reach INR 303 mn with Hindi and Vernacular languages growing marginally while English de-growing
• Advertising revenues grew by just 1% in 2017 on account of macro-economic factors such as demonetization, RERA & GST implementation
• Ad Revenues grew in second half on account of increased spending by political parties/government for elections, festival season, focus in yield management, greater customer engagement
• Subscription revenues grew by 8% due to increase in circulation in underpenetrated markets, launch of circulation focused schemes and increase in cover prices
• Magazines contributed 4.3% to the industry and remained largely flat with not many new launches.
• Magazine subscriptions also held on their own and did not change significantly
• Going forward the industry is estimated to grow at an overall CAGR of 6.8% till 2020, with vernacular growing at 8-9% followed by English

Source: FICCI Frames Reimagining India ME sector March 2018
Print Media | Subscription Overview

Hindi has the largest claimed news circulation at 49% of the total pie.

- As on March 31, 2017 there were 114,820 registered publications in India of which 16,993 were newspapers.
- 4,007 new publications were registered during 2016-17, while 38 ceased, which was a 3.6% growth.
- The maximum publications across any language were in Hindi (46,587), followed by English (14,365).

- Hindi newspaper claim nearly half of the circulations in India.
- Launch of several circulation generating schemes (apart from bundling and discounting) were undertaken in 2017 as the industry focused more on subscription, which increased its share of revenues from 27% to 29% of total revenues.
- Magazine subscriptions on average held their own and did not significantly change.
Print Media | Advertisement Overview

Hindi and English dailies dominate the advertisement pie; with major demand drivers being FMCG and Auto sectors

2017 saw 61% of total advertising volumes being commanded by Hindi and English publications followed by Marathi, Telugu and Tamil.

FMCG and Auto were the largest advertising categories in 2017 on print, followed by Education, Retail and Real estate.

Alcoholic Beverages, Real Estate, Durables reduced their ad spends on print while the largest increase were seen in Media and E-commerce categories.
Indian Print Media industry is very different from print media industry in developed markets owing to the following reasons:

1. **Cost Advantage**
   - **Newspaper cover** prices in India are very **low and affordable**
   - Cost is not more than **INR 200/month (3 USD)**, which is close to the cost of a single newspaper per day in the US

2. **Home Delivery**
   - Most newspapers in India are **delivered to customer’s home** every morning, which makes them very **accessible & convenient**
   - In comparison, in the West, people buy newspapers from stands or from metro stations

3. **Credibility & Habit**
   - People have developed a **deeply entrenched habit** to start their day with reading newspaper
   - Members of family with age >35 years still prefer a physical copy
   - **Credibility** of news from newspaper higher than other news sources

4. **Localization**
   - Newspapers are the primary medium that caters to **local neighborhood/city news**
   - Localization along with credibility helps them to cater to a loyal and diverse set of readers
Increasing Competition
Traditional newspapers have faced increased competition lately from other firms, primarily because of consumption of news digitally.

- Almost all print companies are foraying into digital by establishing their own news websites/apps.
- There is competition among incumbents to increase digital footprint, however digital content monetization is significantly low.

- There has been a rapid rise in domestic digital-born startups such as Scroll, Quartz India & Quint that is eating the share of physical news players.
- There is also rise of news aggregators such as Inshorts, Firstpost & Daily-Hunt that feed digital readers with short & crisp content.

- There is rapid growth in social media content consumption over the last few years, spurn by large global social media players such as Yahoo, Facebook & Google.
- These players enjoy wide user-base and hence tap into the needs of Indian readers & even personalize the content through use of analytics.
Digital Trends shaping the print industry
Leading Print companies are increasingly making use of technology to better manage employee utilization and to provide superior customer experience.

- Robotics Process Automation: optical character recognition, workflow tools and machine learning
- Integrated Newsroom: prevent duplication of newsgathering efforts, improved scheduling, prioritization of news, better utilization of stories
- Analytics & Loyalty: single view of their customers
- Self Care: self-care portals
Digital Music – Setting the context
Indian Digital music industry to touch INR 3100 Crores by 2020

Digital music revenue (INR Cr)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (INR Cr)</th>
<th>CAGR 34.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1280</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>3100</td>
<td></td>
</tr>
</tbody>
</table>

Revenue streams in 2017 for digital music

- Ad Supported streams: 53%
- Mobile customization: 25%
- Downloads: 20%
- Others: 2%

Key drivers for growth in digital music in India

- More listeners of online music - 273 million online music listeners by 2020
- Smartphone penetration expected to grow. In 2017, 93% of people reported used mobile devices for music; Up from 85%
- 3G and 4G uptake is expected to grow. Will help growth of digital music consumption
- Associated industries with music entering digital music space
- Rise is usage of e-banking and wallets enabling in-app purchases leading to higher usage

Emerging themes in digital music industry

Exciting avenues ahead

**Trends in the digital music Industry**

**Increase in data consumption**
Easy availability of cheap & affordable data tariff plans coupled with increasing smartphone penetration in both urban as well as sub-urban areas has led to increased data consumption for audio as well as video platforms.

**Growing Competitive Market**
The market is becoming increasingly competitive with multiple players offering music streaming and other services. Moreover, content partnerships in the digital / OTT space such as Jio and Saavn are poised to put additional pressure on the existing players such as Wynk, Apple Music.

**Increase in AVOD spends**
Music and video streaming platforms are expected to further witness a boost in their revenues on account of increase in spends in advertisements on digital platforms. This would lead to further monetization for both streaming companies as well as record labels.

**Impact of technology on music**
Major infrastructural improvements and impact of evolving technologies such as AI and Data Analytics are proving pivotal in understanding consumer preferences and assisting musicians, artists and record labels to successfully create and curate preferred content.

**Partnerships**
OTT players have looked to partner with local talent to develop original music content e.g. BeingU Music and Sony Music working on exclusive partnership and introducing original content in 2018.

**Growth in consumption of other genres of music**
Evolving consumer preferences & tastes coupled with increasing availability of greater variety of content is further promoting consumption of content in regional languages.
Indian Sports Industry

The professional sports industry mainly derives its value from sponsorships (both central and team), media rights for broadcast across various channels, league and ticketing revenue.

**Sources of revenue for professional sports federations and teams**

- **Sale of Media rights**
  - TV broadcasting rights
  - Digital broadcasting rights
  - Theatrical rights
  - Marketing support

- **Sponsorships**
  - On-ground sponsorship
  - Media spends
  - Team sponsorship
  - Endorsements
  - Franchisee sponsorship

- **Franchisee revenues**
  - Franchisee fees
  - Gate revenues
  - Share of local revenues

Sale of media rights typically contributes 55-70% of total revenues for any sports organization while sponsorships account for ~20% of the overall topline.
Indian Sports Industry | Media rights

The sale of media and broadcasting rights is usually for the biggest source of revenue for teams and other sporting organizations, accounting for more than 50% of topline revenues.

% of broadcasting revenues in India (2016)

- Cricket (including International, Domestic matches and IPL)
- Other Sports (Hockey, Football, Basketball, Kabaddi)

Sale of Media rights by BCCI (INR crore)

<table>
<thead>
<tr>
<th>Sport</th>
<th>2012-18</th>
<th>2018-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian Cricket</td>
<td>6,138</td>
<td>8,200</td>
</tr>
<tr>
<td>Other Sports</td>
<td>3,851</td>
<td>16,348</td>
</tr>
</tbody>
</table>

Earnings per match for BCCI excl. IPL –(INR crore)

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-18</td>
<td>43.2</td>
</tr>
<tr>
<td>2018-23</td>
<td>60.18</td>
</tr>
</tbody>
</table>

Key players in the Indian Sports broadcasting Industry

With increasing TV and mobile phone penetration across the rural as well as Urban parts of the country, broadcasting firms in the country have increasingly been focusing on developing not only their traditional TV portfolio but also their digital internet and mobile channels, luring customers with continuous content innovation, live feeds and other product offerings.

Source: EY – Sports in India, FICCI: Re-imagining India’s M&E sector 2018, Economic Times
Indian Sports Industry | Media rights

Cricket is the most popular sport on TV; Soccer, Kabaddi and Wrestling are emerging categories

**Unique viewers of Sports leagues in 2016 (mn)**

- Indian Premier League: 362
- Indian Super League: 224
- Pro Kabaddi League: 220
- Pro Wrestling League: 109

60% of the overall viewership came from Cricket in 2016

**Popular Sports properties in India on TV-2017 (% of impressions)**

- Cricket: 69%
- Kabaddi: 16%
- Soccer: 5%
- Wrestling: 5%
- Others: 5%

**Viewership for major leagues such as IPL, ISL and PKL**

- Male
- Female
- Rural
- Urban

- Data suggests that Cricket continues to be the most popular sport in the country with 69% of the overall number of TV impressions in the country coming from domestic and International Cricketing events.

- While cricket continues to be the most popular sport, other sports such as Kabaddi, Soccer and Wrestling are gradually picking up.

- Kabaddi and Soccer are the second and third most watched sports in the country respectively, owing to successful closure of Pro-Kabaddi and Indian Super League seasons and aggressive promotional campaigns.

Source: Internet and Mobile Association of India, BARC India, FICCI : Re-imagining India’s M&E sector 2018
Gaming industry landscape

Overview
India’s online gaming opportunity
This mobile-first behavior is translating into a huge market opportunity for online-gaming industry in India

Indians are spending over 150 minutes a day on mobile apps – with 72% on social media, entertainment and gaming

Segment wise time-spent on mobile apps for an Indian user

100% = 150 mins / day

- Social Media & Instant messaging: 28%
- Entertainment: 48%
- Games: 4%
- Others: 20%

Online Gaming Revenues (in INR billion)

- 2016: 25.9
- 2017: 30.4
- 2018E: 40.1
- 2020E: 68.3

*Excludes Console Gaming, Casinos, Lotteries and offline betting

Gamers in India (in millions)

- 2015: 40
- 2016: 88
- 2017: 108
- 2018: 158
- 2019: 200
- 2020: 253
- 2020: 312

Source: comScore MMX Multi-Platform, Dec 2017
India’s online gaming opportunity

Spends per gamer are gradually increasing although still lower than global benchmarks; real money and social gamers driving the spends

- Online gaming industry divided into three main genres:
  - Casual Games
  - Social Games
  - Real Money Games

- Currently the size of the Real Money games is estimated to be 55% of the total gaming industry, growing at a robust 25% per annum

- Online card games have been the fastest growing segment: Includes both real money & social games

- In social games, players play for virtual currency which they can replenish through in-app purchases

<table>
<thead>
<tr>
<th>Revenue Streams</th>
<th>Advertising</th>
<th>In-app/subscription</th>
<th>Commissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casual games</td>
<td>70%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Social games</td>
<td>10%</td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>Real money games</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Spend per mobile gamer (in USD)

- In India, spend per mobile gamer reached 2.6 USD in 2017 and envisaged to grow further in near future in form of real money and social games purchases

- Other consumer companies will also realize gaming as an important platform for advertising their products resulting in increased revenue

- Indian media houses are using gaming as an interactive form of entertainment to engage consumers

- More Partnerships with Bollywood studios in game development for movies that have been widely accepted by Indian masses is a revenue-making opportunity for gaming companies

- Baahubali: The Game and Sultan: The Game are some of the top most downloaded games in India
Indian Online Gaming
Key trends that will shape the Indian industry

1. Freemium games to create better economics for gaming companies

2. Convergence of stakeholders to drive adoption and usage of mobile internet

3. Emerging technologies to become a commercial reality in India

4. e-Sports to augment engagement levels in online gaming

5. Gamification to offer opportunities across business functions and sectors

6. Improved age and gender parity in the online gaming population

7. Enhanced customer lifecycle at every stage: Power of data

8. Content customization for the ‘Indian’ taste: Local brand

2021
Indian online gaming industry poised to grow to 1 billion USD and 310 million online gamers by 2021
India’s online gaming – future monetization models

Although the current monetization model of online gaming companies is more advertisement dependent; with increasing volumes and usage, more revenue realization from online gamers themselves is anticipated.

<table>
<thead>
<tr>
<th>CURRENT</th>
<th>FUTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advertisements generate maximum revenue</strong></td>
<td><strong>Revenue from purchases &amp; advertisements to be equally balanced</strong></td>
</tr>
<tr>
<td>In app advertisement</td>
<td>Purchase/pay-per-download</td>
</tr>
<tr>
<td>Banner advertisements based on cost per click (CPC) or cost-per-mile (CPM) metrics</td>
<td>Upfront charge for download or access to the game</td>
</tr>
<tr>
<td>In-game product or brand placement</td>
<td>Freemium/upgrades</td>
</tr>
<tr>
<td>Popular brands or products placed in the game-play</td>
<td>Free download but charge to get full access to characters, levels, equipment etc.</td>
</tr>
<tr>
<td>Incentive based advertisement</td>
<td>In-app purchases</td>
</tr>
<tr>
<td>Virtual objects/game-play requisite or access to the game by watching an advertisement</td>
<td>Gamers pay to purchase virtual objects or currency</td>
</tr>
<tr>
<td>Paid by Ecosystem</td>
<td>Subscription</td>
</tr>
<tr>
<td>Paid by Online gamers</td>
<td>Monthly or annual subscription for access to a package (virtual objects, extended access to the game or a combination)</td>
</tr>
</tbody>
</table>
Thank you!

Jehil Thakkar

Head, Media & Entertainment
Partner, Deloitte Touche Tohmatsu In