

Eros International Plc Reports Third Quarter Fiscal Year 2016 Results

ErosNow registered users have crossed 37 million as of December 31, 2015

Expect to reach 1 million paying ErosNow subscribers by end of Fiscal Year 2017

Isle of Man, UK – February 17, 2016: Eros International Plc (NYSE: EROS) (“Eros” or “the Company”), a leading global company in the Indian film entertainment industry, today reported its quarterly financial results for the three months and nine months ended December 31, 2015.

Nine Months Ended December 31, 2015

- Revenues increased by 7.0% to \$209.3 million, compared to \$195.7 million in the prior year period.
- Currency comparable revenues increased by 11.7%.
- Adjusted EBITDA decreased by 20.6% to \$56.5 million, compared to \$71.2 million in the prior year period.⁽¹⁾
- Net income decreased by 59.0% to \$12.3 million, compared to \$30.0 million in the prior year period.

Three Months Ended December 31, 2015

- Revenues decreased by 39.8% to \$60.5 million, compared to \$100.4 million in the prior year period.
- Currency comparable revenues decreased by 37.6%.
- Adjusted EBITDA decreased by 81.9% to \$8.9 million, compared to \$49.2 million in the prior year period.⁽¹⁾
- Net income decreased by 108.9% to \$2.5 million net loss, compared to net income of \$28.2 million in the prior year period.

(1) A reconciliation of the non-GAAP financial measures discussed within this release to our IFRS net income is included at the end of this release. See also “Non-GAAP Financial Measures”.

Factors affecting results:

- **New release film mix by budget**

9 months ended	High	Medium	Low	Total
Dec 31, 2015	6	10	35	51
Dec 31, 2014	5	7	31	43

3 months ended	High	Medium	Low	Total
Dec 31, 2015	1	4	10	15
Dec 31, 2014	3	1	9	13

- **Catalog revenues** - Apart from the new release slate, a significant part of the Company’s revenues (approximately 25%-30% of total revenues) are contributed by monetization of its film library. These revenues are generally very high margin and tend to be weighted to the second half of a fiscal year as previously reported. Since catalog sales have longer payment cycles, any incremental sales this quarter would have added to the existing receivables balance. Therefore, the Company has decided to forego a proportion of its potential catalog sales (estimated at around \$20 million per quarter) for the next 1-2 quarters, so it can remain on target to bring down receivables to approximately \$160 million by the end of Fiscal Year 2016, as previously indicated.
- **Film mix** - The Company posted a blockbuster year and can again claim the leading market share in India for Calendar Year 2015, with three out of the top four box office hits and seven out of top 15 box

office hits being Eros films. The three months results are not strictly comparable as only one high budget film was released in the quarter ended December 31, 2015 compared to three high budget films in the comparable period of 2014, as well as the relatively lower catalog revenue.

Update on Internal Review:

Dilip Thakkar, Chairman of the Audit Committee of Eros International Plc, issued the following statement:

“In November 2015, the Audit Committee appointed Skadden, Arps, Slate, Meagher & Flom LLP and affiliates, a reputed New York law firm, to assist it in undertaking an Internal Review on the subject matter of certain anonymous allegations and related matters that caused a sharp decline in the Company’s share price. The internal review is at an advanced stage and we are satisfied with its progress. We expect to conclude our review in March and to make a further statement at the time.

Meanwhile, I would like to assure our shareholders that the Audit Committee has reviewed the accounting procedures and principles followed by the Company and has been fully satisfied that the Company has recorded its financial statements and related disclosures appropriately without any material misstatements.

On behalf of the Audit Committee and the Board of Directors of the Company I sincerely thank all the shareholders of the Company, old and new, and other stakeholders and business associates for standing by the Company.”

Management Comments:

Jyoti Deshpande, Eros’ Managing Director and Chief Executive Officer commented, “Eros had a solid box office run in Calendar Year 2015, dominating the box office charts as well as film awards with three out of the top four films and seven out of the top 15 films, as well as 46 film awards across 5 of those films. Our performance reinforces our business fundamentals and market leadership position within the Indian filmed entertainment sector. We continue to focus on enhancing our new release film slate across Hindi and regional languages, forging ahead with our new market expansion, such as our Indo China initiatives and driving monetization of the ErosNow registered user base, which has crossed 37 million users as of December 31, 2015. We expect to reach 1 million paying subscribers by the end of Fiscal Year 2017. Our capital allocation is focussed on these areas, while we focus on improving our working capital efficiencies. Our deep relationships within the Indian film industry and the unwavering support from our shareholders has strengthened our resolve to demonstrate the intrinsic value in our business and create shareholder value.”

Prem Parameswaran, Group Chief Financial Officer and President of North America also commented, “The Company’s business fundamentals, capital structure and balance sheet remain strong. On the back of a high performing new release film slate, we have decided to hold back some catalog revenues so we can decrease receivables to our target number of approximately \$160 million. We continue to focus on cash generation, and remain confident that we will become free cash flow positive by the end of the 2016 Fiscal Year. In terms of investment in content, we invested \$156 million in the nine-month period ending December 31, 2015. This puts us well on track to be within our planned \$225 million investment in content for the full fiscal year. Our Net Debt/LTM Adjusted EBITDA ratio of 1.91x continues to demonstrate our conservative balance sheet and allows us to execute our operational strategies.”

Operational Highlights

1. Strong Film Slate Performance

- The Company's strong portfolio of films drove theatrical, television and digital/ancillary revenues worldwide with *Bajrangi Bhaijaan*, *Bajirao Mastani* and *Tanu Weds Manu Returns* taking No. 1, No. 3 and No. 4 positions on the box office charts with other blockbusters such as *Welcome Back*, *Singh is Bling*, *Gabbar is back* and *Dil Dhadakne Do*, giving Eros a total of seven out of the Top 15 box office films in Calendar Year 2015. In addition to this, *Srimanthadu* was the second highest Telugu grosser of all time.
- *Bajirao Mastani*, released in the quarter ended December 31, 2015, was 2015's third highest grossing Hindi film in India and crossed over \$77.2 million worldwide, smashing multiple records and winning 22 award titles at prestigious award platforms such as Filmfare, Sony Guild, Stardust and Screen Awards 2015. *Bajirao Mastani* is also scheduled for the widest ever Indian film release in China in Q1 of Fiscal Year 2017.
- To accompany the launch of *Bajirao Mastani*, ErosNow, the Company's digital OTT platform, premiered India's first ever graphic web series 'Blazing Bajirao'. Following the success of the web series, ErosNow has also launched 'Blazing Bajirao - The Game' that is available now for download on Apple and Google Play.
- *Bajirao Mastani* won 22 awards, *Bajrangi Bhaijaan* won a total of 13 awards, *Tanu Weds Manu Returns* won 4 awards, *Hero* won 4 awards and *Badlapur* won 3 awards. Eros films swept over 46 awards between them including Best Film, Best Director, Best Story, Best Actor, Best Supporting Actor to name a few. Eros won the award for Studio of the Year at the Zee ETC Bollywood Business Awards 2015.

2. Trinity Pictures and Indo China collaborations

- Over the last 12 months, Trinity has developed over 10 stories in-house in the Company's Writer's Room and greenlit after audience testing. Of these, at least four will be in production in Fiscal Year 2017. Each one of these is a franchise film, in genres that we expect to be very fresh for the Indian market and will be exploited across films, gaming and digital. The films will be family entertainers, including a live action animal film, a Kids film, a Spy thriller film and a buddy cop film.
- In a first for an Indian studio, two of these films are set in India and China, will be co-produced along with a Chinese studio and will be shot in both languages. Two other films are going to be shot simultaneously in multiple Indian languages.

3. ErosNow – the largest online Bollywood entertainment service

Registered Users

- Eros Now had 30 million registered users worldwide as of September 30, 2015 and continues to demonstrate strong growth, garnering over 37 million registered users across WAP, APP and Web as of December 31, 2015. While ErosNow continues to expand its registered user base with its platform agnostic distribution strategy targeting the 1 billion plus mobile subscriber base of India, we are now turning our focus to monetization.
- The Company's new two-tier premium pricing in India of Rs 50 (\$0.77) and Rs 100 (\$1.54) per month, which launched in December, 2015, is gaining traction. The Company continues to progress in converting its registered users to paying subscribers, currently at under 1% of its user base, and expects to reach **1 million paying subscribers** by the end of Fiscal Year 2017.

Platform distribution

- In January 2016, the Company announced a deal with LeEco (known as LeTV in China), where ErosNow would be integrated on LeEco phones for the Indian market with a one year ErosNow subscription worth approximately \$10 and \$20 pre-bundled on standard and premium handsets, respectively. LeEco smart phones, being exclusively sold through e-commerce portal Flipkart, have already received pre-registration of over 800,000 within 30 days of launch. The deal will also encompass the launch of Le Smart TVs in the

first half of Fiscal Year 2017. The Company will seek to replicate this deal with other leading OEMs (Original Equipment Manufacturers).

- The Company's Telecom integration strategies with ErosNow powered by Airtel (which has the largest market share of internet subscribers in India) and Idea Cellular (which has the third largest market share of internet subscribers in India) are gaining momentum. The Company continues its discussions with other telecom operators and expects to conclude and announce additional deals in the near future. These models are focused on monetization and ARPU growth and the Company expects these platforms to contribute a meaningful proportion of the Company's overall paid subscribers. Last week the Company completed the integration of the ErosNow app on to the Google Nexus Player and other 2015 Android TV platforms like Sony, Sharp and Phillips to make the ErosNow experience seamless on televisions.

Product

- The Company continues to implement and introduce new and exciting product features to ErosNow. This quarter the Company launched its "Portability" feature which allows users to access their accounts and watch content across up to eight different devices. The Company also launched its "video progression" feature, where the platform is able to remember the point at which a user has paused or stopped viewing their content piece, and allows them to resume viewing from this point when they return, even on a different device. The Company's content is available on High Definition quality video with subtitles.
- The Company's much anticipated offline product offering, currently undergoing testing, is expected to be available this March, which the Company believes to be a significant competitive advantage. Viewers will no longer have to be connected to the internet to view content and will be able to download it to their devices and watch it even when they are offline.

Content

- ErosNow has rights to over 4,750 films across Hindi and regional languages from Eros's internal library as well as third party aggregated content which we believe makes it one of the largest Indian movie offering platforms around the world. In addition, ErosNow showcases music from 13 Indian music labels and offers over 200,000 music tracks.
- At the heart of the ErosNow consumer proposition are its movie premieres, some straight from the theatres within weeks and some which are big digital premieres. Some of the recent digital premieres include *Bajrangi Bhaijaan* (No. 1), *Prem Ratan Dhan Payo* (No. 2), *Tanu Weds Manu Returns* (No. 4), which are 3 of the top 4 films of CY 15 with No. 3 being *Bajirao Mastani*, soon to follow on ErosNow. The Company's ErosNow film calendar offers at least 2 new digital premieres every month.
- Cool, contemporary and edgy "Originals" that target the youth of India is an important part of the Company's content strategy. In addition to the previously announced original shows, the Company has the following shows in production:
 - Flip – April 2016
 - Lost – July 2016
 - Smoke – September 2016
 - Legacy – November 2016