

# Eros International PLC

## Sizing up for the digital age

Bank of America  
Merrill Lynch



Reiterate Rating: BUY | PO: 44.00 USD | Price: 36.46 USD

Equity | 17 August 2015

### Maintain Buy as digital momentum picks up steam

With shares appreciating 74% in 2015, EROS has gained significant momentum amidst sector concerns regarding Pay TV sustainability and over-the-top (OTT) impact. Indeed, w/EROS offering rare, U.S.-listed exposure to a leading Bollywood film slate/library + a ramping OTT service (ErosNow), we maintain our Buy rating on EROS shares given attractive exposure to the high growth Indian Media & Entertainment market and shifting consumption patterns. Although increased visibility on ErosNow usage, adv. and subscription uptake will all be key over the next few Qs, given its high growth nature, we are raising our PO to \$44, which is based on 13x our EROS' core FY16E adj. EBITDA (consistent w/ the recent rise in Indian valuations) and a \$1bn valuation for ErosNow. While somewhat optimistic, our ErosNow valuation is derived from a discounted on-line media/subscription internet EV/EBITDA multiple of ~25x and 67mn subs by FY18E (see Exhibits 1-5 for detail). **Our valuation is also supported by recent press re: a possible sale of 10% of ErosNow at a \$0.7-1bn valuation.**

### ErosNow officially enters the race in India

Following its mid-July marketing launch in India, ErosNow now counts >26mn registered users globally—a +37% uptick from June levels (19mn). We continue to believe the vast majority of subs are non-pay/ad-supported. However, mgmt. will be pursuing a multi-pronged approach towards driving ARPU, possibly incl.: (1) a ~50 INR/mo. ad-free plan, (2) a ~100 INR/mo. plan for the above + family sharing, HD, etc. and (3) a la carte offerings. While it remains early days, w/a current smartphone user base of 88mn in India that is set to double by FY17/18E amidst improving broadband options and a young population (60% are <35), [the backdrop appears highly supportive](#). Assuming ErosNow reaches 67mn subs by FY18E w/1.5-2% pay penetration, we est. ErosNow could achieve ~\$120mn of rev. and ~\$20-60mn of EBITDA at various levels of execution.

### F1Q preview: helped by *Tanu Weds Manu Returns*

We anticipate EROS' F1Q16E will be driven by the release of 2 large budget 'A' films (incl. the breakout hit, *Tanu Weds Manu Returns*), 2 B, 3 C, 0 D, 2 Overseas and 7 Regional films in the Q. All in, we project rev. of \$51mn and adj. EBITDA of \$8mn. Our FY16E rev. and adj. EBITDA are now \$314mn and \$112mn, respectively (vs. \$346mn and \$120mn prev.) on the above + a greater number of smaller non-Hindi 'A' and 'B' films. Our forecast does not incl. material contribution from ErosNow.

#### Estimates (Mar)

(US\$)	2014A	2015A	2016E	2017E	2018
EPS	0.65	0.73	0.94	1.18	NA
GAAP EPS	0.73	0.79	0.94	1.18	NA
EPS Change (YoY)	27.5%	12.3%	28.8%	25.5%	NA
Consensus EPS (Bloomberg)			0.99	1.35	NA
DPS	0	0	0	0	NA

#### Valuation (Mar)

	2014A	2015A	2016E	2017E	2018
P/E	56.1x	49.9x	38.8x	30.9x	NA
GAAP P/E	49.9x	46.2x	38.8x	30.9x	NA
Dividend Yield	0%	0%	0%	0%	NA
EV / EBITDA*	23.9x	19.0x	17.0x	14.9x	NA
Free Cash Flow Yield*	-1.6%	-8.9%	3.3%	-4.7%	NA

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 7.

BofA Merrill Lynch does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 8 to 10. Analyst Certification on page 6. Price Objective Basis/Risk on page 6.

11547044

#### Key Changes

(US\$)	Previous	Current
Price Obj.	24.50	44.00
2016E Rev (m)	345.6	313.9
2017E Rev (m)	394.8	363.6
2016E EPS	0.95	0.94
2017E EPS	1.06	1.18
2016E EBITDA (m)	119.6	112.4
2017E EBITDA (m)	136.6	128.6

#### Bryan Goldberg

Research Analyst  
MLPF&S  
+1 646 855 5122  
bryan.goldberg@baml.com

#### Jessica Reif Cohen

Research Analyst  
MLPF&S  
+1 646 855 2921  
jessica.reif@baml.com

#### Kendall Peck

Research Analyst  
MLPF&S  
+1 646 855 1572  
kendall.peck@baml.com

#### Stock Data

Price	36.46 USD
Price Objective	44.00 USD
Date Established	17-Aug-2015
Investment Opinion	C-1-9
52-Week Range	14.01 USD - 39.01 USD
Mkt Val (mn) / Shares Out (mn)	1,790 USD / 49.1
Average Daily Value (mn)	17.44 USD
BofAML Ticker / Exchange	EROS / NYS
Bloomberg / Reuters	EROS US / EROS.N
ROE (2016E)	7.2%
Net Dbt to Eqty (Mar-2015A)	21.0%

# iQprofile<sup>SM</sup> Eros International PLC

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2014A	2015A	2016E	2017E	2018
Return on Capital Employed	5.5%	6.4%	6.1%	6.6%	NA
Return on Equity	6.2%	6.6%	7.2%	8.2%	NA
Operating Margin	25.0%	27.7%	29.7%	30.0%	NA
Free Cash Flow	(28)	(160)	59	(84)	NA

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2014A	2015A	2016E	2017E	2018
Cash Realization Ratio	4.4x	2.7x	6.7x	3.3x	NA
Asset Replacement Ratio	117.5x	156.9x	246.2x	228.9x	NA
Tax Rate	24.0%	19.9%	28.0%	29.0%	NA
Net Debt-to-Equity Ratio	19.6%	21.0%	11.8%	19.8%	NA
Interest Cover	7.8x	13.5x	38.2x	47.3x	NA

## Income Statement Data (Mar)

(US\$ Millions)	2014A	2015A	2016E	2017E	2018
Sales	235	284	314	364	NA
% Change	9.4%	20.7%	10.4%	15.9%	NA
Gross Profit	202	246	257	293	NA
% Change	10.4%	21.5%	4.8%	14.0%	NA
EBITDA	80	101	112	129	NA
% Change	42.6%	25.5%	11.5%	14.4%	NA
Net Interest & Other Income	(5)	(13)	(2)	(2)	NA
<b>Net Income (Adjusted)</b>	<b>30</b>	<b>40</b>	<b>52</b>	<b>66</b>	<b>NA</b>
<b>% Change</b>	<b>19.8%</b>	<b>35.1%</b>	<b>30.1%</b>	<b>25.6%</b>	<b>NA</b>

## Free Cash Flow Data (Mar)

(US\$ Millions)	2014A	2015A	2016E	2017E	2018
Net Income from Cont Operations (GAAP)	33	44	52	66	NA
Depreciation & Amortization	1	2	1	1	NA
Change in Working Capital	(31)	(101)	129	(8)	NA
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	129	162	167	155	NA
Capital Expenditure	(161)	(267)	(291)	(299)	NA
<b>Free Cash Flow</b>	<b>-28</b>	<b>-160</b>	<b>59</b>	<b>-84</b>	<b>NA</b>
<b>% Change</b>	<b>36.7%</b>	<b>-462.0%</b>	<b>NM</b>	<b>NM</b>	<b>NA</b>

## Balance Sheet Data (Mar)

(US\$ Millions)	2014A	2015A	2016E	2017E	2018
Cash & Equivalents	145	156	87	97	NA
Trade Receivables	112	210	78	91	NA
Other Current Assets	1	1	25	27	NA
Property, Plant & Equipment	10	9	8	8	NA
Other Non-Current Assets	638	774	936	1,102	NA
<b>Total Assets</b>	<b>906</b>	<b>1,150</b>	<b>1,134</b>	<b>1,324</b>	<b>NA</b>
Short-Term Debt	93	96	59	59	NA
Other Current Liabilities	36	32	36	57	NA
Long-Term Debt	166	218	126	220	NA
Other Non-Current Liabilities	34	46	79	68	NA
<b>Total Liabilities</b>	<b>328</b>	<b>393</b>	<b>300</b>	<b>403</b>	<b>NA</b>
<b>Total Equity</b>	<b>578</b>	<b>756</b>	<b>834</b>	<b>920</b>	<b>NA</b>
<b>Total Equity &amp; Liabilities</b>	<b>906</b>	<b>1,150</b>	<b>1,134</b>	<b>1,324</b>	<b>NA</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 7.

## Company Sector

Entertainment

## Company Description

Eros International PLC (EROS) is a leading co-producer, acquirer and distributor of Indian Bollywood films worldwide. The company's 60-70 film releases per year drive theatrical, television and ancillary sales while adding pull-through benefit to an 1,900+ film library. EROS has operated for over 35 years and currently derives approximately 47% of its revenue from Theatrical sales, 34% from Television and 19% from Music and other Ancillary.

## Investment Rationale

At its core, we view EROS as an attractive secular play on the high growth Indian Media & Entertainment (M&E) market, with additional upside driven by a successful expansion of the company's film slate, development of ErosNow (EROS' over-the-top offering) and cultivation of other new media opportunities.

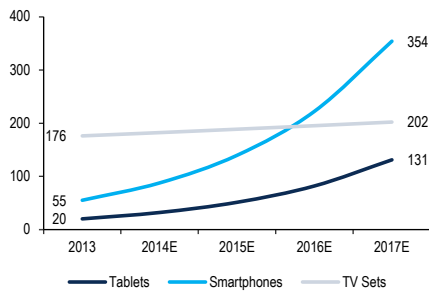
## Stock Data

Average Daily Volume 478,223

## Quarterly Earnings Estimates

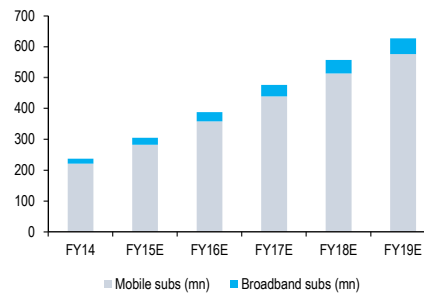
	2015	2016
Q1	-0.08A	0.03E
Q2	0.05A	0.44E
Q3	0.45A	0.32E
Q4	0.30A	0.15E

### Exhibit 1: Smart devices in India (mns)



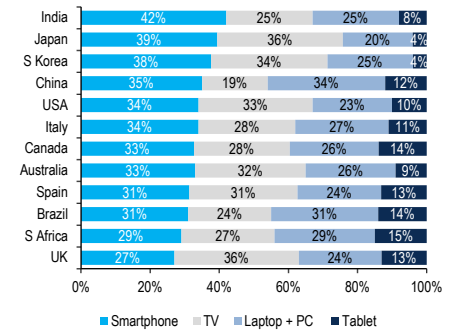
Source: BofA Merrill Lynch Global Research estimates, EY

### Exhibit 2: India mobile and broadband growth



Source: BofA Merrill Lynch Global Research estimates

### Exhibit 3: Daily distribution of screen minutes



Source: BofA Merrill Lynch Global Research estimates, Milward Brown AdReaction 2014

### Exhibit 4: ErosNow Value Potential

EROS: ErosNow Value Potential			
<b>Subscriber Base (mn)</b>	<b>FY18E</b>	<b>India Pen.</b>	
Premium Option 1	1.0	1.5%	
Premium Option 2	0.3	0.5%	
Overseas	1.0	NMF	
Basic, Ad Supported	<u>64.6</u>	<u>98.0%</u>	
<b>Total Subscribers</b>	<b>66.9</b>	<b>100.0%</b>	
3-Year CAGR	37%		
Multiple of Current Base	2.6x		
Indian Broadband Market Expansion	1.8x		
Indian Smartphone Market Expansion	3.0x		
<b>Pricing/Sub/Mo. (USD)</b>			
Premium Option 1	\$0.85		
Premium Option 2	\$1.69		
Overseas	\$7.99		
Basic, Adv. Monetization	\$0.01		
<b>Revenue Potential (USD mn)</b>			
Premium Option 1	\$10		
Premium Option 2	\$7		
Overseas	\$96		
Basic, Adv. Monetization	<u>\$8</u>		
<b>TOTAL Revenue</b>	<b>\$121</b>		
<b>EBITDA Potential</b>	<b>Low</b>	<b>Mid</b>	<b>High</b>
TOTAL Revenue	\$121	\$121	\$121
x EBITDA Margin	<u>15%</u>	<u>35%</u>	<u>50%</u>
<b>= EBITDA</b>	<b>\$18</b>	<b>\$42</b>	<b>\$60</b>
<b>Value Potential</b>			
U.S. Subscription/Online Media Internet Avg. EV/EBITDA <sup>1</sup>	32.0x	32.0x	32.0x
x (1 - Discount %) <sup>2</sup>	<u>20%</u>	<u>20%</u>	<u>20%</u>
<b>= ErosNOW Multiple</b>	<b>25.6x</b>	<b>25.6x</b>	<b>25.6x</b>
x EBITDA	<u>\$18</u>	<u>\$42</u>	<u>\$60</u>
<b>= ErosNow Potential Enterprise Value</b>	<b>\$463</b>	<b>\$1,079</b>	<b>\$1,542</b>

Notes:

1. Arithmetical average of the CY16 multiples for Netflix, Facebook, Twitter, Pandora and IACI

2. Reflects emerging market/reduced visibility discount factor

Source: BofA Merrill Lynch Global Research estimates

### Exhibit 5: EROS sum of the parts valuation

EROS: Sum of the Parts Valuation		
<b>EROS Core</b>	<b>FY2016E</b>	<b>FY2017E</b>
EBITDA Core	\$112	\$129
x EV/EBITDA Multiple	<u>13.0x</u>	<u>13.0x</u>
<b>= EV</b>	<b>\$1,461</b>	<b>\$1,671</b>
<b>ErosNOW Value Potential</b>	<b>Mid Margin</b>	<b>Mid Margin</b>
U.S. Subscription/Online Media Internet Avg. EV/EBITDA	32.0x	32.0x
x (1 - Discount %) <sup>2</sup>	<u>20%</u>	<u>20%</u>
<b>= ErosNOW Multiple</b>	<b>25.6x</b>	<b>25.6x</b>
x EBITDA	<u>\$42</u>	<u>\$42</u>
<b>= ErosNow Potential Enterprise Value</b>	<b>\$1,079</b>	<b>\$1,079</b>
<b>+ EROS (excl. ErosNow Contribution) EV</b>	<b>\$1,461</b>	<b>\$1,671</b>
<b>= Total EROS EV</b>	<b>\$2,540</b>	<b>\$2,750</b>
<b>+ Hidden Assets</b>		\$22
<b>+ Cash</b>		\$97
<b>- Minority Interest</b>		\$163
<b>- Gross Debt (ST+LT)</b>		<u>\$279</u>
<b>= Equity Cap.</b>		\$2,427
<b>/ Fully Diluted Shares</b>		<u>55.6</u>
<b>Share Price</b>		<b>\$44</b>

Source: BofA Merrill Lynch Global Research estimates

**Exhibit 6: EROS revised estimates**

Fiscal Year Ends 03/31	Historicals				Current Year				Forward Year			
	Q1/15A	Q2/15A	Q3/15A	Q4/15A	FY2016E	FY2016E	Δ	+ / -	FY2017E	FY2017E	Δ	+ / -
<b>EROS: Actuals &amp; BofAML Estimates</b>					BofAML Old	BofAML New	BofAML New vs. BofAML Old		BofAML Old	BofAML New	BofAML New vs. BofAML Old	
<b>Financials</b>												
<b>Revenues</b>												
Theatrical	\$19	\$17	\$43	\$44	\$179	\$150	(\$29)	-	\$193	\$173	(\$21)	-
Television	\$16	\$24	\$36	\$26	\$118	\$113	(\$5)	-	\$129	\$133	\$4	+
Digital & Ancillary	\$11	\$9	\$21	\$19	\$63	\$51	(\$12)	-	\$72	\$58	(\$14)	-
HBO	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	
<b>TOTAL Revenue</b>	<b>\$45</b>	<b>\$50</b>	<b>\$100</b>	<b>\$88</b>	<b>\$360</b>	<b>\$314</b>	<b>(\$46)</b>	<b>-</b>	<b>\$395</b>	<b>\$364</b>	<b>(\$31)</b>	<b>-</b>
% Growth	11%	13%	15%	40%	27%	33%			39%	16%		
<b>EBITDA (Post Amort.)</b>	\$7	\$14	\$49	\$30	\$126	\$112	(\$13)		\$136	\$129	(\$7)	
% Growth	-19%	11%	10%	148%	25%	40%			35%	14%		
Profit Before Tax	(\$1)	\$7	\$37	\$19	\$104	\$91	(\$13)	-	\$114	\$107	(\$7)	-
Tax	\$2	\$3	\$9	(\$0)	\$29	\$25	(\$4)	-	\$33	\$31	(\$2)	-
Profit After Tax Attributable To EROS	(\$4)	\$3	\$24	\$17	\$55	\$52	(\$3)	-	\$58	\$66	\$7	+
<b>EPS</b>	<b>(\$0.08)</b>	<b>\$0.05</b>	<b>\$0.45</b>	<b>\$0.30</b>	<b>\$0.99</b>	<b>\$0.94</b>	<b>(\$0.05)</b>	<b>-</b>	<b>\$1.05</b>	<b>\$1.18</b>	<b>\$0.13</b>	<b>+</b>
Fully Diluted Shares	49	56	53	58	56	56	0	+	56	56	(0)	-

Source: BofA Merrill Lynch Global Research estimates, company report

**Exhibit 7: EROS Income statement**

Fiscal Year Ends 03/31	2016											CAGR
	FY2011A	FY2012A	FY2013A	FY2014A	FY2015A	Q1E	Q2E	Q3E	Q4E	FY2016E	FY2017E	
EROS: Income Statement	2011.0	2012.0	2013.0	2014.0	2015.0	2016.1	2016.2	2016.3	2016.4	2016.0	2017.0	4 Year
<b>Films Release Drivers</b>	Films Release Drivers											
A Films	3	6	6	4	6	2	3	1	1	7	5	-4%
B Films	4	2	5	6	7	2	4	7	7	20	28	54%
C Films	3	3	5	5	4	3	3	3	3	12	6	5%
D Films	5	6	14	14	13	0	0	0	0	0	0	-100%
Overseas Films	5	10	3	6	6	2	1	1	0	4	7	24%
Regional Films	57	50	44	34	29	7	6	5	5	23	23	-15%
<b>TOTAL Films Released</b>	<b>77</b>	<b>77</b>	<b>77</b>	<b>69</b>	<b>65</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>16</b>	<b>66</b>	<b>69</b>	-3%
<b>Revenue</b>												
Theatrical	\$56.9	\$90.6	\$99.0	\$107.5	\$123.1	\$24.2	\$62.7	\$36.8	\$26.6	\$150.3	\$172.6	15%
Television	\$60.6	\$56.5	\$75.4	\$80.3	\$101.2	\$19.8	\$22.9	\$36.9	\$33.1	\$112.8	\$133.1	15%
Digital & Ancillary	\$47.1	\$59.5	\$40.9	\$47.7	\$59.9	\$7.2	\$10.2	\$17.7	\$15.7	\$50.8	\$57.9	9%
HBO	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	NMF
<b>TOTAL Revenue</b>	<b>\$164.6</b>	<b>\$206.5</b>	<b>\$215.3</b>	<b>\$235.5</b>	<b>\$284.2</b>	<b>\$51.3</b>	<b>\$95.8</b>	<b>\$91.3</b>	<b>\$75.5</b>	<b>\$313.9</b>	<b>\$363.6</b>	<b>14%</b>
% Chg. (YOY)	10.0%	25.4%	4.3%	9.4%	20.7%	13.0%	92.0%	-9.1%	-14.7%	10.4%	15.9%	--
<b>TOTAL Direct Costs</b>	<b>\$20.2</b>	<b>\$30.3</b>	<b>\$32.1</b>	<b>\$33.3</b>	<b>\$38.5</b>	<b>\$12.1</b>	<b>\$16.2</b>	<b>\$14.4</b>	<b>\$13.9</b>	<b>\$56.5</b>	<b>\$70.2</b>	<b>22%</b>
% Chg. (YOY)	-16.5%	50.0%	6.0%	3.7%	15.6%	76.8%	195.2%	9.7%	6.0%	46.7%	24.2%	--
<b>TOTAL Salaries &amp; Administrative Costs</b>	<b>\$20.5</b>	<b>\$28.0</b>	<b>\$26.3</b>	<b>\$42.7</b>	<b>\$49.5</b>	<b>\$10.8</b>	<b>\$10.9</b>	<b>\$10.9</b>	<b>\$10.9</b>	<b>\$43.5</b>	<b>\$47.7</b>	<b>16%</b>
<b>TOTAL Film Cost Amortization</b>	<b>\$67.8</b>	<b>\$86.8</b>	<b>\$102.0</b>	<b>\$99.6</b>	<b>\$117.3</b>	<b>\$24.6</b>	<b>\$25.1</b>	<b>\$33.4</b>	<b>\$36.4</b>	<b>\$119.5</b>	<b>\$135.2</b>	<b>7%</b>
<b>EBITDA (Post Amort.)</b>	<b>\$56.1</b>	<b>\$61.4</b>	<b>\$56.3</b>	<b>\$80.3</b>	<b>\$100.8</b>	<b>\$8.4</b>	<b>\$48.1</b>	<b>\$37.1</b>	<b>\$18.9</b>	<b>\$112.4</b>	<b>\$128.6</b>	<b>23%</b>
% Chg. (YOY)	8.2%	9.5%	-8.3%	42.6%	25.5%	20.1%	245.0%	-24.9%	-38.1%	11.5%	14.4%	--
Margin %	34.1%	29.7%	26.1%	34.1%	35.5%	16.3%	50.2%	40.6%	25.0%	35.8%	35.4%	--
<b>Depreciation</b>	<b>\$0.9</b>	<b>\$1.3</b>	<b>\$1.3</b>	<b>\$1.4</b>	<b>\$1.7</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$1.2</b>	<b>\$1.3</b>	<b>0%</b>
<b>EBIT</b>	<b>\$55.2</b>	<b>\$60.1</b>	<b>\$53.7</b>	<b>\$58.8</b>	<b>\$78.9</b>	<b>\$3.6</b>	<b>\$43.3</b>	<b>\$32.3</b>	<b>\$14.1</b>	<b>\$93.2</b>	<b>\$109.2</b>	<b>19%</b>
<b>Non Operating Items</b>												
Net Interest	\$1.6	\$1.0	\$1.5	\$7.5	\$5.9	\$0.6	\$0.6	\$0.6	\$0.6	\$2.4	\$2.3	11%
Forex/Other	\$0.0	(\$6.8)	(\$8.0)	\$2.4	(\$6.7)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	-100%
<b>Net Income/Profit</b>												
Profit Before Tax	\$53.6	\$52.3	\$44.2	\$50.0	\$62.5	\$2.9	\$42.7	\$31.7	\$13.4	\$90.8	\$106.9	25%
Tax Rate	15.3%	19.3%	27.0%	25.7%	21.1%	28.0%	28.0%	28.0%	28.0%	28.0%	29.0%	--
Tax	\$8.2	\$10.1	\$11.9	\$12.8	\$13.2	\$0.8	\$12.0	\$8.9	\$3.8	\$25.4	\$31.0	27%
Profit After Tax	\$45.4	\$42.2	\$32.3	\$37.1	\$49.3	\$2.1	\$30.7	\$22.8	\$9.7	\$65.4	\$75.9	24%
Minority Interest (Incl. Dividends)	(\$2.8)	(\$6.2)	(\$7.3)	(\$7.3)	(\$9.0)	(\$0.4)	(\$6.0)	(\$5.16)	(\$1.2)	(\$12.9)	(\$10.0)	8%
Profit After Tax Attributable To EROS	\$42.6	\$36.0	\$24.9	\$29.9	\$40.3	\$1.7	\$24.7	\$17.7	\$8.4	\$52.5	\$65.9	28%
<b>EPS</b>	<b>\$0.87</b>	<b>\$0.73</b>	<b>\$0.51</b>	<b>\$0.65</b>	<b>\$0.73</b>	<b>\$0.03</b>	<b>\$0.44</b>	<b>\$0.32</b>	<b>\$0.15</b>	<b>\$0.94</b>	<b>\$1.18</b>	<b>24%</b>
% Chg. (YOY)	3.2%	-15.5%	-30.7%	29.0%	10.7%	-139.0%	746.2%	-29.8%	-49.2%	30.1%	25.6%	--
Fully Diluted Shares	49.1	49.1	49.1	45.6	55.6	55.6	55.6	55.6	55.6	55.6	55.6	--

Source: BoFA Merrill Lynch Global Research estimates, company report

## Price objective basis & risk

### Eros International PLC (EROS)

Our \$44 price objective is based on 13x EROS' core FY16E adj. EBITDA (consistent w/ the recent rise in Indian valuations) and a \$1bn valuation for ErosNow. While somewhat optimistic, our ErosNow valuation is derived from a discounted on-line media/ subscription internet EV/EBITDA multiple of 25x (based on an arithmetical average of the CY16 multiples for Netflix, Facebook, Twitter, Pandora and IACI and applying an emerging market and reduced visibility discount factor of 20%) and assumes 67mn subs by FY18E. Our valuation is also supported by recent press regarding a possible sale of 10% of ErosNow at a \$0.7-1bn valuation.

Risks are film underperformance, inability to acquire new film product in a timely manner, infrastructure roll out issues (4G roll out issues could negatively impact ErosNow subscriber growth and usages), competition, slower than expected ErosNow subscriber growth, slower than expected economic growth in India, slower Indian smartphone penetration and family control.

## Analyst Certification

I, Bryan Goldberg, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### US - Cable, Entertainment and Satellite Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	21st Century Fox	FOXA	FOXA US	Jessica Reif Cohen
	21st Century Fox	FOX	FOX US	Jessica Reif Cohen
	AMC Networks Inc.	AMCX	AMCX US	Bryan Goldberg
	Cablevision	CVC	CVC US	Jessica Reif Cohen
	CBS Corp-B	CBS	CBS US	Jessica Reif Cohen
	Comcast Corp	CMCSA	CMCSA US	Jessica Reif Cohen
	Comcast Corp	CMCSK	CMCSK US	Jessica Reif Cohen
	Eros International PLC	EROS	EROS US	Bryan Goldberg
	Sirius XM Radio Inc	SIRI	SIRI US	Jessica Reif Cohen
	Time Warner Inc.	TWX	TWX US	Jessica Reif Cohen
	Townsquare Media Group	TSQ	TSQ US	Bryan Goldberg
	Walt Disney Co.	DIS	DIS US	Jessica Reif Cohen
<b>NEUTRAL</b>				
	AMC Entertainment Holdings, Inc.	AMC	AMC US	Bryan Goldberg
	Discovery Communications	DISCA	DISCA US	Jessica Reif Cohen
	Discovery Communications	DISCB	DISCB US	Jessica Reif Cohen
	DreamWorks	DWA	DWA US	Jessica Reif Cohen
	Manchester United Ltd.	MANU	MANU US	Bryan Goldberg
	News Corp	NWS	NWS US	Jessica Reif Cohen
	News Corp	NWSA	NWSA US	Jessica Reif Cohen
	Outfront Media Inc.	OUT	OUT US	Bryan Goldberg
	Scripps Networks Interactive	SNI	SNI US	Jessica Reif Cohen
	SeaWorld Entertainment, Inc.	SEAS	SEAS US	Bryan Goldberg
	The Madison Square Garden Company	MSG	MSG US	Bryan Goldberg
<b>UNDERPERFORM</b>				
	Dish Network Corporation	DISH	DISH US	Jessica Reif Cohen
	Viacom (Cl. B)	VIAB	VIAB US	Jessica Reif Cohen
<b>RSTR</b>				
	Time Warner Cable	TWC	TWC US	Jessica Reif Cohen

**iQmethod<sup>SM</sup> Measures Definitions**

<b>Business Performance</b>	<b>Numerator</b>	<b>Denominator</b>
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
<b>Quality of Earnings</b>		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
<b>Valuation Toolkit</b>		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Other LT Liabilities}$	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

iQmethod<sup>SM</sup> is the set of BofA Merrill Lynch standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

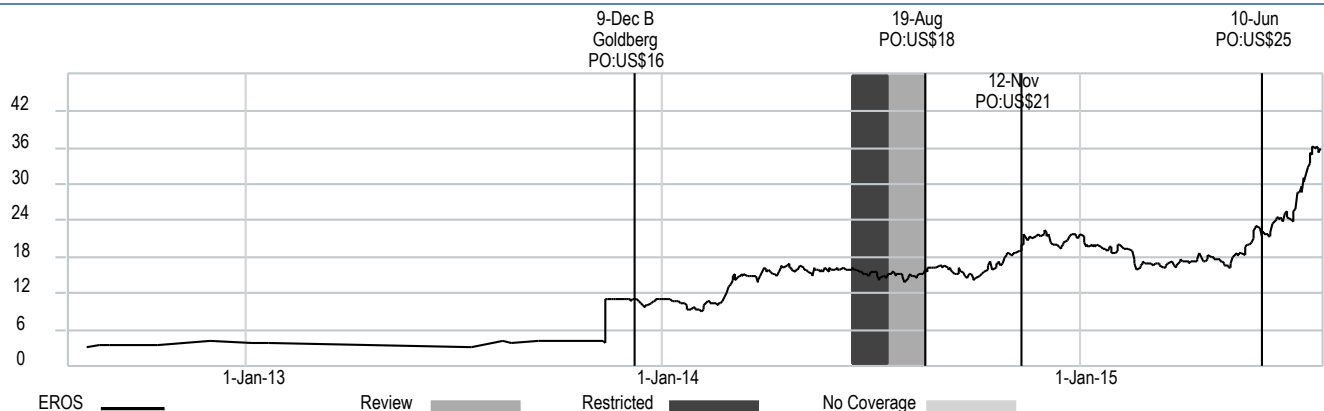
iQdatabase<sup>®</sup> is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Merrill Lynch.

iQprofile<sup>SM</sup>, iQmethod<sup>SM</sup> are service marks of Bank of America Corporation. iQdatabase<sup>®</sup> is a registered service mark of Bank of America Corporation.

# Disclosures

## Important Disclosures

### EROS Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of July 31, 2015 or such later date as indicated.

### Investment Rating Distribution: Media & Entertainment Group (as of 30 Jun 2015)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	34	43.59%	Buy	27	79.41%
Neutral	22	28.21%	Neutral	16	72.73%
Sell	22	28.21%	Sell	9	40.91%

### Investment Rating Distribution: Global Group (as of 30 Jun 2015)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1724	52.07%	Buy	1312	76.10%
Neutral	768	23.20%	Neutral	561	73.05%
Sell	819	24.74%	Sell	517	63.13%

\* Companies that were investment banking clients of BofA Merrill Lynch or one of its affiliates within the past 12 months. For purposes of this distribution, a stock rated Underperform is included as a Sell.

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of a stock's: (i) absolute total return potential and (ii) attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

\* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

**INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. Coverage Cluster is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Merrill Lynch Comment referencing the stock.

Price charts for the securities referenced in this research report are available at <http://pricecharts.baml.com>, or call 1-800-MERRILL to have them mailed.

MLPF&S or one of its affiliates acts as a market maker for the equity securities recommended in the report: Eros.

The company is or was, within the last 12 months, an investment banking client of MLPF&S and/or one or more of its affiliates: Eros.

MLPF&S or an affiliate has received compensation from the company for non-investment banking services or products within the past 12 months: Eros.

The company is or was, within the last 12 months, a non-securities business client of MLPF&S and/or one or more of its affiliates: Eros.

MLPF&S or an affiliate has received compensation for investment banking services from this company within the past 12 months: Eros.

MLPF&S or one of its affiliates is willing to sell to, or buy from, clients the common equity of the company on a principal basis: Eros.

BofA Merrill Lynch Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking revenues.



## Other Important Disclosures

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

From time to time research analysts conduct site visits of covered companies. BofA Merrill Lynch policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the company for such visits.

**BofA Merrill Lynch Global Research policies relating to conflicts of interest are described at <http://www.ml.com/media/43347.pdf>.**

**"BofA Merrill Lynch" includes Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") and its affiliates. Investors should contact their BofA Merrill Lynch representative or Merrill Lynch Global Wealth Management financial advisor if they have questions concerning this report. "BofA Merrill Lynch" and "Merrill Lynch" are each global brands for BofA Merrill Lynch Global Research.**

### Information relating to Non-US affiliates of BofA Merrill Lynch and Distribution of Affiliate Research Reports:

MLPF&S distributes, or may in the future distribute, research reports of the following non-US affiliates in the US (short name: legal name): Merrill Lynch (France): Merrill Lynch Capital Markets (France) SAS; Merrill Lynch (Frankfurt): Merrill Lynch International Bank Ltd., Frankfurt Branch; Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd.; Merrill Lynch (Milan): Merrill Lynch International Bank Limited; MLI (UK): Merrill Lynch International; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited; Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd.; Merrill Lynch (Canada): Merrill Lynch Canada Inc; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa; Merrill Lynch (Argentina): Merrill Lynch Argentina SA; Merrill Lynch (Japan): Merrill Lynch Japan Securities Co., Ltd.; Merrill Lynch (Seoul): Merrill Lynch International Incorporated (Seoul Branch); Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd.; DSP Merrill Lynch (India): DSP Merrill Lynch Limited; PT Merrill Lynch (Indonesia): PT Merrill Lynch Indonesia; Merrill Lynch (Israel): Merrill Lynch Israel Limited; Merrill Lynch (Russia): OOO Merrill Lynch Securities, Moscow; Merrill Lynch (Turkey I.B.): Merrill Lynch Yatirim Bank A.S.; Merrill Lynch (Turkey Broker): Merrill Lynch Menkul Değerler A.Ş.; Merrill Lynch (Dubai): Merrill Lynch International, Dubai Branch; MLPF&S (Zurich rep. office): MLPF&S Incorporated Zurich representative office; Merrill Lynch (Spain): Merrill Lynch Capital Markets Espana, S.A.S.V.; Merrill Lynch (Brazil): Bank of America Merrill Lynch Banco Multiplo S.A.; Merrill Lynch KSA Company, Merrill Lynch Kingdom of Saudi Arabia Company.

This research report has been approved for publication and is distributed in the United Kingdom to professional clients and eligible counterparties (as each is defined in the rules of the Financial Conduct Authority and the Prudential Regulation Authority) by Merrill Lynch International and Bank of America Merrill Lynch International Limited, which are authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, and is distributed in the United Kingdom to retail clients (as defined in the rules of the Financial Conduct Authority and the Prudential Regulation Authority) by Merrill Lynch International Bank Limited, London Branch, which is authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority - details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request; has been considered and distributed in Japan by Merrill Lynch Japan Securities Co., Ltd., a registered securities dealer under the Financial Instruments and Exchange Act in Japan; is distributed in Hong Kong by Merrill Lynch (Asia Pacific) Limited, which is regulated by the Hong Kong SFC and the Hong Kong Monetary Authority is issued and distributed in Taiwan by Merrill Lynch Securities (Taiwan) Ltd.; is issued and distributed in India by DSP Merrill Lynch Limited; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd. (Company Registration No.'s F 06872E and 198602883D respectively). Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd. are regulated by the Monetary Authority of Singapore. Bank of America N.A., Australian Branch (ARBN 064 874 531), AFS License 412901 (BANA Australia) and Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this report in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of BANA Australia, neither MLEA nor any of its affiliates involved in preparing this research report is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this report in Brazil and its local distribution is made by Bank of America Merrill Lynch Banco Multiplo S.A. in accordance with applicable regulations. Merrill Lynch (Dubai) is authorized and regulated by the Dubai Financial Services Authority (DFSA). Research reports prepared and issued by Merrill Lynch (Dubai) are prepared and issued in accordance with the requirements of the DFSA conduct of business rules.

Merrill Lynch (Frankfurt) distributes this report in Germany. Merrill Lynch (Frankfurt) is regulated by BaFin.

This research report has been prepared and issued by MLPF&S and/or one or more of its non-US affiliates. MLPF&S is the distributor of this research report in the US and accepts full responsibility for research reports of its non-US affiliates distributed to MLPF&S clients in the US. Any US person receiving this research report and wishing to effect any transaction in any security discussed in the report should do so through MLPF&S and not such foreign affiliates. Hong Kong recipients of this research report should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities. Singapore recipients of this research report should contact Merrill Lynch International Bank Limited (Merchant Bank) and/or Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this research report.

### General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Merrill Lynch.

This research report provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this report.

Securities and other financial instruments discussed in this report, or recommended, offered or sold by Merrill Lynch, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the company or the market that is anticipated to have a short-term price impact on the equity securities of the company. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Merrill Lynch is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

UK Readers: The protections provided by the U.K. regulatory regime, including the Financial Services Scheme, do not apply in general to business coordinated by BofA Merrill Lynch entities located outside of the United Kingdom. BofA Merrill Lynch Global Research policies relating to conflicts of interest are described at <http://www.ml.com/media/43347.pdf>.

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

MLPF&S or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. MLPF&S or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Merrill Lynch, through business units other than BofA Merrill Lynch Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented in this report. Such ideas or recommendations reflect the different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Merrill Lynch is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this report.

In the event that the recipient received this report pursuant to a contract between the recipient and MLPF&S for the provision of research services for a separate fee, and in connection therewith MLPF&S may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom MLPF&S has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by MLPF&S). MLPF&S is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities mentioned in this report.

**Copyright and General Information regarding Research Reports:**

Copyright 2015 Merrill Lynch, Pierce, Fenner & Smith Incorporated. All rights reserved. iQmethod, iQmethod 2.0, iQprofile, iQtoolkit, iQworks are service marks of Bank of America Corporation. iQanalytics®, iQcustom®, iQdatabase® are registered service marks of Bank of America Corporation. This research report is prepared for the use of BofA Merrill Lynch clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Merrill Lynch. BofA Merrill Lynch Global Research reports are distributed simultaneously to internal and client websites and other portals by BofA Merrill Lynch and are not publicly-available materials. Any unauthorized use or disclosure is prohibited.

Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this report (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Merrill Lynch.

Materials prepared by BofA Merrill Lynch Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Merrill Lynch, including investment banking personnel. BofA Merrill Lynch has established information barriers between BofA Merrill Lynch Global Research and certain business groups. As a result, BofA Merrill Lynch does not disclose certain client relationships with, or compensation received from, such companies in research reports. To the extent this report discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this report. BofA Merrill Lynch Global Research personnel's knowledge of legal proceedings in which any BofA Merrill Lynch entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving companies mentioned in this report is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Merrill Lynch in connection with the legal proceedings or matters relevant to such proceedings.

This report has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of MLPF&S, any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Merrill Lynch Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Merrill Lynch and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This report may contain links to third-party websites. BofA Merrill Lynch is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by or any affiliation with BofA Merrill Lynch. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Merrill Lynch is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Merrill Lynch policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports may contain discussions and/or investment opinions relating to securities, financial instruments and/or issuers that are no longer current. Always refer to the most recent research report relating to a company or issuer prior to making an investment decision.

In some cases, a company or issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such company or issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with MLPF&S or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Merrill Lynch nor any officer or employee of BofA Merrill Lynch accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.