

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.”