



# Eros International plc

Preliminary Results March 2008

June 25, 2008



# What is Eros?



## BEST POSITIONED INDIAN MEDIA AND ENTERTAINMENT GROUP IN THE WORLD

- Market leader for three decades
- Largest vertically integrated 'studio' within Indian entertainment sector
- Unbeatable combination of Content and Distribution
- Valuable catalogue of over 1900 films providing differentiation
- Catalogue generated over 20% of the revenues
- Only Indian entertainment Company with worldwide offices and distribution network in 50 countries across five continents
- Strong financial structure and consistent performance



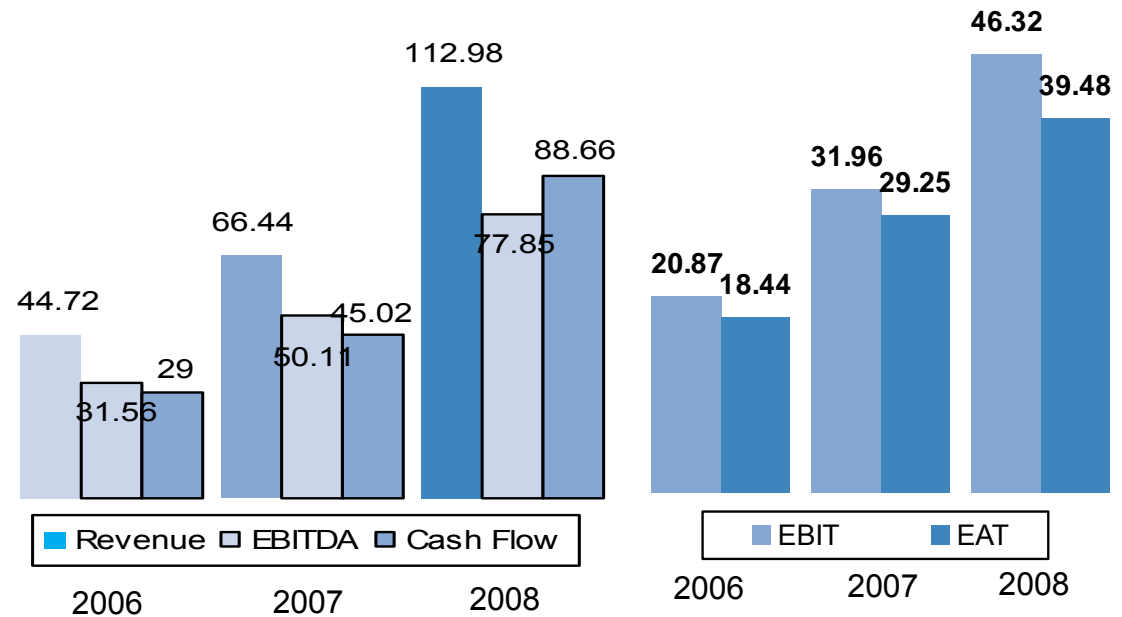
# Financial Highlights

Revenue (USD Million)



- Group turnover up 70.2% to US\$ 112.98m (2007:US\$ 66.4 m)
- Gross Profit up 57.9% to US\$ 63.0m (2007: US\$ 39.9 m)
- EBITDA up 60.4% to US\$ 77.8 m (2007:US\$ 48.5 m)
- 100% of EBITDA converted into cash
- Profit before tax up 47.2% to US\$ 45.5 m (2007: US\$ 30.9 m)
- Basic EPS per share up 12.0% to 33.5 cents (2007: 29.9 cents)

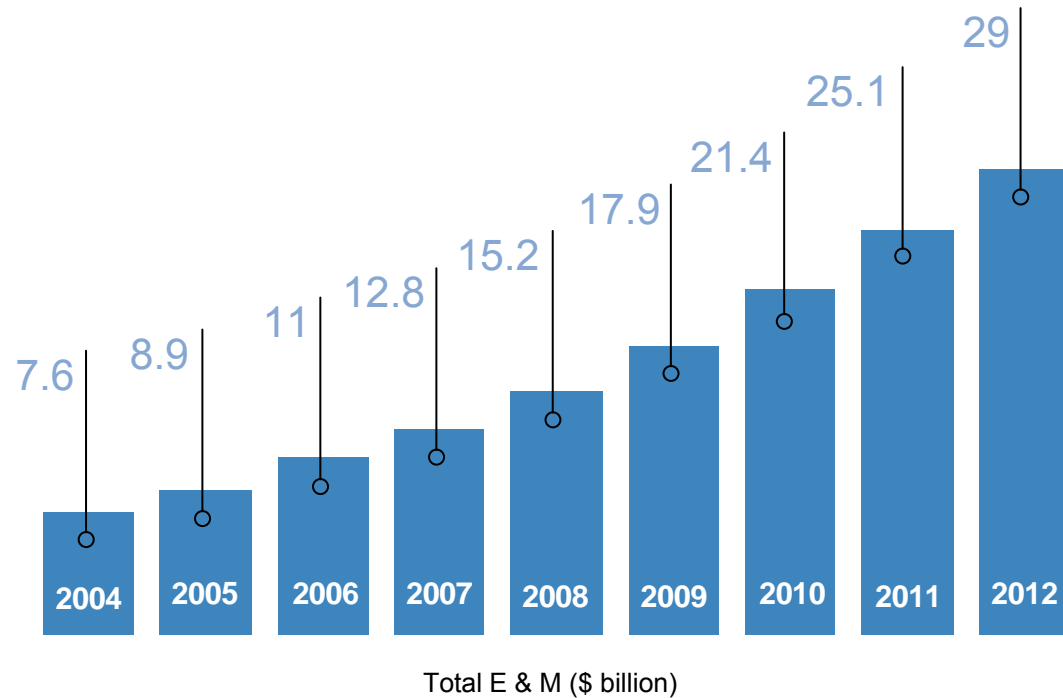
## Trading ahead of market expectations



# Operating Highlights and Growth Drivers



- Indian Box office
- Television Syndication
- Digital New Media
- Content library & distribution
- Hollywood in India
- Television Broadcasting



Source: PwC



# Box Office Revenues



## COMPANY

- In FY08, the Company released 16 films globally (FY07: 4 global)
- Worldwide Theatrical Revenues was up 146.9% to \$ 52.1m (FY07: \$ 21.1m)
- 5 out of the top 10 box office grosser films were Eros films
- *Om Shanti Om* went on to become the highest box office grosser
- Consistent Performance

## SECTOR

	2007	2012
Single screens	10,000	8,000
Average ticket price	50 cents	\$1.20
Multiplex screens	1,350	5,000
Average ticket price	\$3	\$4.50
No of Admissions	3.2 billion	4.5 billion

Source: PwC, Industry Research



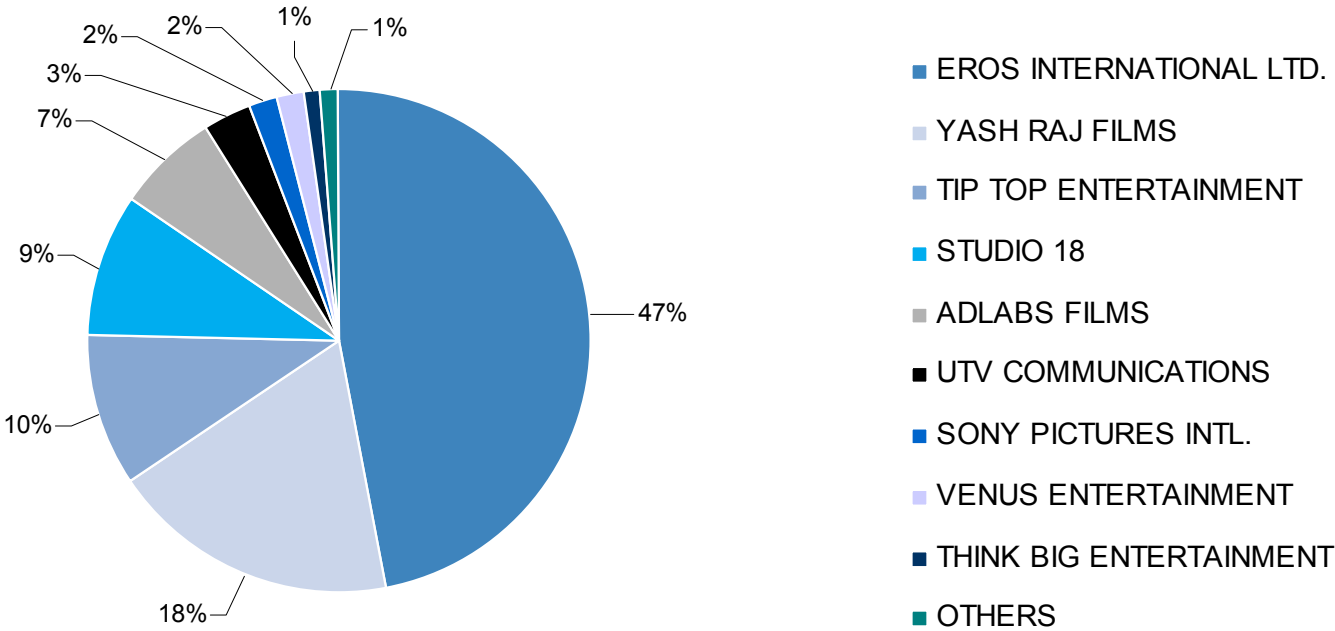
# 2008 Top Performing Films



# Eros UK Market Share



REPRESENTATIVE OF REST OF THE WORLD AS NO EDI TRACKING



# Strategy/Outlook



- Over \$200 million invested in content in the last 2 years
- Will profit from growing box office as content costs have been locked at 2006 prices
- Full visibility of release pipeline for 2009 and 2010 as well as more than half for 2011
- Advance distribution deals being secured worldwide based on slate visibility studio style giving visibility of future revenues



# Television Syndication



## COMPANY

- Syndication deals concluded with Sony, Inx Network, Viacom TV 18, Sahara and over 50 other international channels
- Revenues from TV syndication up 56.3% to \$33m (FY07: \$21.1m)
- Visibility for 2009
- Ability to syndicate to third party channels while retaining right to broadcast on own

## SECTOR

	2007	2012
Total TV households	115 million	132 million
Pay Cable households	70 million	90 million
Pay DTH households	3.5 million	25 million
Subscription Revenues	\$3.4 billion	\$9.5 billion
Advertising Revenues	\$2 billion	\$5 billion

Source: PwC



# Outlook



- Eros owns 24% of B4U Network – worldwide Movie channel (like HBO) and Music channel (like MTV)
- Will foray into broadcasting in next 12-18 months
  - Acquisition / joint venture / alliance
  - Leverage content library to get ARPU metric with subscription and advertising income
  - Creating value proposition with the same content
- Will continue to syndicate content to third party TV networks to generate ongoing revenues



# Digital New Media/Home Entertainment



## COMPANY

- Revenues from Digital New Media up by 16.9% to \$ 27.7 m (FY07: \$23.7 m)
- Subscription Video on Demand
- Over 25,000 subscribers through Comcast, Rogers, Cablevision, Aksh, Valuable Group, RTM Malaysia, Mauritius Telecom and Singnet to name a few
- Distribution - Walmart, Amazon, Jaman
- Google's YouTube site 42 m hits to date – advertising supported model
- Microsoft Online Spotlight
- Mobile platforms – Minimum Guarantees from operators, handset manufacturers and aggregators

## SECTOR

	2007 \$bn	2012 \$bn
India - Online advertising	0.07	0.28
USA - Internet Advertising	21.1	38.94
India - Gaming	0.07	0.35
Global - Gaming	37	52
India - Digital Music	0.02	0.06
USA - Digital Music	2.7	7.48

Source: PwC



# Strategy/Outlook



- Replicate Comcast deal with all major cable operators in North America and other parts of the world to become exclusive South Asian content provider to these platforms
- Grow SVOD subscribers from 25,000 to 200,000 in the next 3 years and become the largest new media content brand and service provider
- Increase eyeballs on YouTube partner site by building more communities, giving free content to develop an ad supported model
- Develop digital music distribution through online and mobile platforms – ringtones, clips, songs, wallpapers and full movie downloads as well as mobile gaming
- Monetize film related gaming and merchandise
  - Drona, Aladin



# Other growth drivers



## EMERGING MARKETS

- Eros nurtured and opened several non English and non Hindi speaking markets like Poland, Russia, Kuwait, Belgium, Holland, Malaysia, Indonesia, Mauritius, Iran to name a few
- Germany continues to perform and Om Shanti Om received a mainstream theatrical release in Germany
- European revenues alone increased by 104% to generate \$11.1 million.
- Other dubbed markets grew by 42.5% and generated further revenues of \$12.7 million

## AYNGARAN

- In October 2007 Eros acquired 51% of the Tamil business Ayngaran
- Replicate Eros model of global content ownership and distribution for Tamil films
- Library of over 600 Tamil films
- Vertical integration
- FY08 limited trading highly successful with Sivaji, Billa, Vel
- Strong future pipeline of over 30 films



# Other growth drivers



## SONY PICTURES

- Co-production Joint Venture to develop, finance, produce and distribute Hindi films with Sony Pictures
- Distribute jointly in India, Eros will retain distribution in core markets and Sony will distribute in North America if the film merits a wide mainstream release

## LIONSGATE

- Distribution Joint Venture to monetise the Lionsgate library of over 13,000 titles plus new films across formats
- Lionsgate will distribute a selection of Eros titles in North America through its home entertainment infrastructure
- The two companies will develop cross-over projects in modest budgets



# Profit & Loss



(in thousands of US Dollars)

As at 31 March

	2008	2007
Revenue	112,981	66,441
Cost of sales	(49,940)	(26,502)
<b>Gross profit</b>	<b>63,041</b>	<b>39,939</b>
Administrative costs	(16,725)	(7,981)
Operating Profit	46,316	31,958
Finance costs	(3,137)	(2,193)
Finance income	2,315	1,179
Net finance costs	(822)	(1,014)
<b>Profit before tax</b>	<b>45,494</b>	<b>30,944</b>
Income tax expense	(6,014)	(1,697)
<b>Profit for the year</b>	<b>39,480</b>	<b>29,247</b>

**Attributable to:**

Equity holders of the parent	37,729	29,247
Minority interest	1,751	-
	39,480	29,247

**Earnings per share: (cents)**

Basic earnings per share	33.5	29.9
Diluted earnings per share	33.3	29.9



# Balance Sheet/Cash Flow



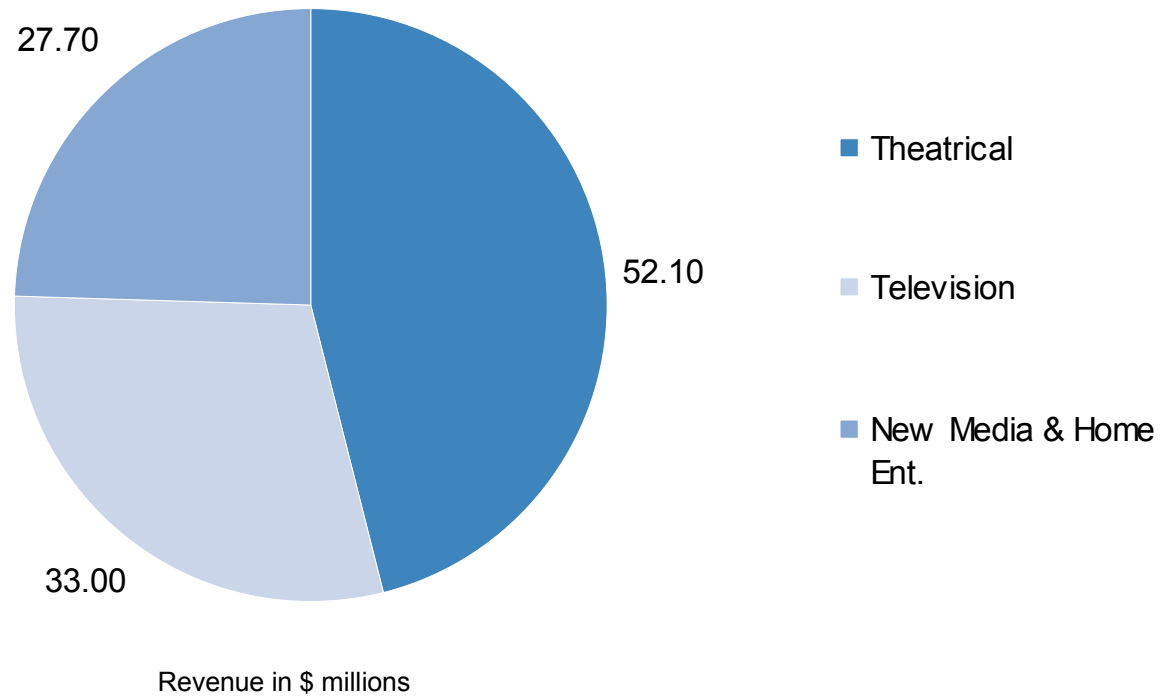
(in thousands of US Dollars)

	2008	As at 31 March 2007
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,530	2,966
Intangible assets	256,121	111,673
Available-for-sale investments	2,285	-
Deferred tax assets	65	396
<b>Total non-current assets</b>	<b>264,001</b>	<b>115,035</b>
<b>Current assets</b>		
Inventories	2,264	1,376
Trade and other receivables	30,470	37,151
Current tax receivable	1,718	565
Cash and cash equivalents	87,701	46,417
<b>Total current assets</b>	<b>122,153</b>	<b>85,509</b>
<b>Total assets</b>	<b>386,154</b>	<b>200,544</b>
<b>EQUITY AND LIABILITIES</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	21,193	13,564
Short-term borrowings	34,769	43,764
Current tax payable	855	2,342
	56,817	59,670
<b>Non-current liabilities</b>		
Long-term borrowings	111,687	-
Deferred Tax	2,700	-
<b>Total non-current liabilities</b>	<b>114,387</b>	<b>-</b>
<b>Total liabilities</b>	<b>171,204</b>	<b>59,670</b>
<b>Net assets</b>		
Equity	213,199	140,874
Minority interest	1,751	-
<b>Total Equity</b>	<b>214,950</b>	<b>140,874</b>

Profit before tax	45,494	30,944
Adjustments for:		-
Depreciation	525	313
Share based payment	1316	588
Amortisation of intangibles	31,007	16,275
Foreign currency translation	(15)	-
Finance Charge	822	1,014
Movement in trade and other receivables	6,115	4,990
Movement in inventories	(888)	80
Movement in trade payables	5,022	(9,183)
Cash generated from operations	89,398	45,021
Interest paid	(5,375)	(2,193)
Income taxes paid	(4,254)	(1,081)
<b>Net cash from operating activities</b>	<b>79,769</b>	<b>41,747</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries net of cash acquired	(1,040)	(29,366)
Purchase of property, plant and equipment	(2,627)	(277)
Purchase of intangible film rights and related contents	(170,168)	(91,988)
Purchase of intangible assets others	(202)	-
Purchase of available for sale assets	(2,856)	-
Interest received	2,315	1,137
<b>Net cash used in investing activities</b>	<b>(174,578)</b>	<b>(120,494)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	33,368	81,400
(Repayment)/proceeds of short term borrowings	(8,995)	43,764
Proceeds from long-term borrowings	111,687	-
<b>Net cash used in financing activities</b>	<b>136,078</b>	<b>125,164</b>
<b>Net increase in cash and cash equivalents</b>	<b>41,269</b>	<b>46,417</b>
Foreign Currency Translation	15	-
<b>Cash and cash equivalents at beginning of period</b>	<b>46,417</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>87,701</b>	<b>46,417</b>



# Segmental Analysis



# Eros Competitive Advantage



- Slate of over 60 films for next 2-3 years already secured through co-productions and existing talent tie ups
- Visibility of release schedule and television syndication revenues
- Valuable library & global distribution network
- Portfolio strategy for new films and strong catalogue revenues makes it not a 'hit' driven business
- Hollywood collaborations rather than competition e.g. Sony Pictures, Lionsgate
- Ability to enter broadcasting without cannibalising existing television syndication revenues



# Outlook



- Continue focus on core competency of content and distribution
- Foray into television broadcasting
- Develop Hollywood market for India
- Execute select strategic and EBITDA enhancing acquisitions within the sector
- Explore secondary listing of subsidiary in India to give further financing options for expansion
- Build on lead to consolidate the India media and entertainment sector worth \$13 billion estimated to grow to \$30 billion in the next 5 years





# Eros International Plc

Shaping the future of  
Indian entertainment



# Special note regarding forward looking statements

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During this presentation we may make forward looking statements which are not based on historical facts but based on the Company's expectation of future events and performance. Also the Company's goals, objectives, vision or outlook may appear to be forward looking and involve risks and uncertainties that have been disclosed in the risk factors of the Company's admission document. The Company does not anticipate to update these forward looking statements made as at this date except as required by law.

