Eros International

Moderator: Jyoti Deshpande
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8:30 a.m. ET

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the Eros International Second Quarter 2015 Earnings conference call. This call is being broadcast live on the Internet and a replay of the call will be made available on the company's Web site.

This morning, the company furnished its earnings press release on its Web site, www.ErosPLC.com. The company would like to remind everyone listening that during this call it will be making forward-looking statements under the Safe Harbor provisions of the Federal Securities Law.

The company's actual results might differ materially from those projected in the forward-looking statements. Additional information concerning factors that could cause actual results to materially differ from those in these forward-looking statements is contained in today's press release.

During the call, the company will also discuss non-GAAP financial measures in talking about its performance. You can find the reconciliation of these measures to GAAP financial measures in the company's press release.

I will now turn the call over to Jyoti Deshpande, the CEO of Eros, PLC. Please go ahead.

Jyoti Deshpande: Thank you. Good morning, ladies and gentlemen. I'm Jyoti Deshpande, the CEO and Managing Director of Eros International, PLC.

Thank you for taking the time to attend Eros International's earnings call for the second quarter ended September 30, 2014. For those of you who are new to the company, I'll do a brief introduction to our business model before diving into the results and the outlook.

Eros International is a leading global company that co-producers, acquires and distributes Indian films across multiple distribution channels such as theatrical, television and digital platforms across 50 different countries and in over 25 percent languages worldwide.

We have built a unique and valuable library of over 2,300 films with library monetization accounting for around 25 percent of our revenue. That gives us the opportunity to set up high margin annuity type initiative such as our online entertainment channel, Eros Now.

We continue to maintain a market share of at least 40 percent when measured in box office system which demonstrates our relative size, scale and sustainable competitive advantage. Although our business model is not really catered on hits like Hollywood, we have been very consistent in picking up winners with at least 3 out of the top 10 from Indie films every year for the last several years being Eros films.

Our channel and regional language films have also been performing well at the box office and delivering profitability and (inaudible) we have further deepened our presence in the regional market.

We seek to derisk our investment through pre-sales where we enter to recover a majority of our investments through contractual commitment even before the theatrical release of the phone. We can recover between 45 to 70 percent of Indie phone calls through pre-sales and over 100 percent of Tamil and other regional language film cards through pre-sales.

Our market is highly undersold. With just ten screens to a million people while the U.S. has over 120 screens per million people. A hundred percent of our screens are already digital like in China.

The high demand for films coupled with scarcity of screens gives a very high opening weekend skew to the box office, and together with the low cost of marketing and distribution around just 15 percent of the phone's budget makes this a relatively less risky business model compared to Hollywood.

Our revenues – our revenue streams are diversified with approximately 45 percent coming from theatrical, 35 percent from television licensing, and the balance of 20 percent from digital and ancillary.

We seek to invest around $180 to $200 million each year in content CAPEX so we can have visibility of our fund released slate for at least 2 years in advanced. Our quarterly results year-on-year are strictly not compatible as results may vary based on number, as well as, mix of films released, as well as, quarterly contribution from catalog revenue.

Generally, the third quarter between October to December tends to be an important one with the higher budget phone standing to release around the Diwali and Christmas festive season, and this year is no different.

Moving on to our results for Q2 ended September 30, 2014, I'm pleased to report strong growth in revenues by 13.4 percent from $44 million to $49.9 million. Currency comparable revenues increased by 13.7 percent which demonstrates that the Indian Rupee is now stable under the new Modi (government).

Adjusted EBITDA increased by 2.2 percent to 13.9 million compared to (inaudible) million in the prior period. The main driver for the – driver film for the quarter was the Telugu film Aagadu starting Mahesh Babu.

Supported by well-performing overseas releases such as (inaudible). We released 21 films in the quarter, of which including 15 were Hindi, 6 were (Amalan Telugu), 1 was a high budget film and 3 were medium budget films and the rest were lower budget films.

As we look ahead, we have at least 4 other major releases planned for fiscal 2015 having released one each in the first 2 quarters. We have Salif Ali Khan's Happy Ending in November, Ravikuma's much awaired Lingaa in

December. Ajay Devgn's Action Jackson in December and Amitabh-Dhanush's Shamitabh in February.

Further, we have Arjun Kapoor's Tevar in January and Varun Dhawan's Badlapur in March and (Cama Latsin's Utima Relinguilard) will also be released in the fourth quarter.

This gives us confidence that we're on-track to finish FY15 on a very positive note indeed. At 5-16, slate is looking very robust with a string of high profile films already locked in such as (inaudible), the hit franchise (inaudible) (Shai Kapoo Sarzi), R. Madhavan's Tanu Weds Manu to name a few.

Additionally, we are working on some big Hindi and Tamil films that we will announce over the next couple of months. I can safely say that we're set to continue delivering robust growth next year based on this slate and assuming catalog contributions remain similar to FY15 and with no major contributions from Eros Now or HBO.

The CAPEX outlook is not widely out of kilt to be able to deliver these numbers as this will be achieved mainly by improving the mix rather than the quantity of films, and we will continue to give you more color every quarter as we have now begun to deploy the $190 million that we raised in the July follow-on offering to drive further growth in our business.

We also raised 15 million pounds last month in a U.K. non-institutional retail bond offering that was very well received and gave us access to seven year money. Becoming the first Indian media entertainment company to list on the (NYSE) already put us in a prime position within our industry.

Having crossed the billion dollar market capitalization market is a proud milestone for us. Only in 2005 we were a $5 million EBITDA company and in 2015, we are on-track to be $100 million EBITDA company, no (mean) achievement in a decade.

We have a solid plan for the next 10 years to make Eros hopefully a billion dollar EBITDA company organically, as well as, through planned EBITDA enhancing acquisitions.

Firstly, we will scale our bread and butter business of film entertainment with larger and better mix of films including building Indian superhero franchises and consolidate Hindi as well as a regional market as we benefit from structured group, from more cinema, from wider distribution as we benefit from digitization and increased demand for premium content from television networks, and as we benefit from the growing demand for our films from new international markets such as Japan, South Korea, and hopefully China.

Secondly, we will build and grow our digital division that will not only capture the value of Eros now, the Netflix meets Hulu meets (Spotify) meets iTunes of Indian content. But it will also devil up other collaborations to unlock the value of our intellectual property rights such as gaming where we license our movie character rights and with minimal or no investment, devil up further avenues of growth in revenues and profitability.

Music will continue to be a key strategy to take advantage of the prolific mobile subscriber groups within India which is poised to cross a billion subscribers.

Our tech zone acquisition will help us significantly to achieve this. Hardly, we will take the learning from our (Asia) collaboration a step further. Premium television is here to say; however, English or Hollywood content is marginal to the overall market share of Bollywood, which just suffice to 70 percent market share.

Entry cost into premium broadcasting with Bollywood content will be very low since we already earn the firm content and we're using our celebrity access to – by building a content bank of Eros originals of premiering on Eros Now.

The HBO channels may not – may not be part of the strategy going forward as it is dependent on what critical mass the current HBO channels achieve by the end of this fiscal and HBO's long-term commitment to the Indian market, but we will announce the concrete strategy in the next four to six months on how we plan to capitalize on the 160 million paid TV homes and the $50 million television market in India with Eros Now Television.

We are extremely excited about the opportunities that our future holds and thank you for the confidence you have invested in this company and its management. With that, let me turn the call over to Andrew Heffernan, our group CFO, who will walk you through our financial performance in more detail. We will then open the call up to your questions.

Andrew Heffernan: Thank you, Jyoti. Good morning and thank you for joining us today. Our performance for the second quarter of fiscal 2015 was strong. The revenues for the second quarter increasing by 13.4 percent to 49.9 million in the prior year period.

The currency comparable revenues increasing by 13.7 percent. And 6 months ended September 30th, revenues increased by 12.1 percent to 95.3 million with currency comparable revenues increasing by 14.7 percent.

These increases reflects mix and performance of the slates released here in the periods, but with a strong contribution from our valuable capital of the films. In the second quarter, we released 21 films of which one was high-budget, 3 were medium-budget and 17 were large-budget films.

Although, this is a substantial increase over the quarter ended September 30, 2013, in which 10 films released, 5 being medium-budget films and 5 being lower budget films, there were a mix of major and medium films for cinema.

Our primary revenue stream did derive in three channels: television syndication, theatrical, digital and ancillary. For the second quarter, the annual revenues from each was 17.2 million, 23.6 million and 9.1 million respectively.

In the 6 months ended September 30, 2014, revenues were 36.3 from theatrical, 39.1 from television syndication, and 19.9 from digital and ancillary revenues. Turning to the effect of foreign exchange, our constant currency plan revenues were 3 months and 6 months, 43.9 million and 83.1 million respectively based on the average exchange rates for those periods.

On this basis, revenues for 3 and 6 months ended September 30, increased by 13.7 and 14.7 respectively compared to the prior year comparative period. I note that the 3 and 6 months ended September 30, 2014.

Average rate to exchanges to compare Indian Rupees to U.S. dollars were INR 60.3 to $1 and INR 59.1 to $1 respectively. Adjusted EBITDA has remained relatively steady across the reportable periods, increasing by 2.2 percent to 13.9 million in the quarter, compared to 13.6 in the year ago period, and decreasing by 1.4 percent to 21.8 million in the 6 months ended September 30, 2014.

Our adjusted EBITDA was impacted slightly by higher admin costs and foreign exchange, which is more pronounced in the six-month period in the second quarter. At this stage, I will draw your attention to the notes regarding these non-GAAP measures and their uses and limitations contained within our earnings release.

Cost of sales for the second quarter increased to 29.5 million compared to 26.3 million in the prior comparable period, and for the 6 months ended September 30, 2014, increased to 62.7 million from 54.7 million in the prior comparable period.

These increases are primarily due to an increasing amortization cost reflecting the company's new released slate for the periods, as well as, the additions to catalog films and prior release content.

Gross profit in the quarter totaled 20.4 million, an increase from 17.7 million in the prior comparable period and gross profit in the 6 months ended September 30, 2014, also increased to 32.5 million from 30.3 million in 2013.

The company's gross profit margin was 40.9 percent in the second quarter compared to 40.2 percent in the year ago period and 34.1 percent in the 6 months to September 30, 2014, decreasing marginally from 35.6 percent in 2013.

Year ended 31 March 2014 as a comparison, the gross profit margin was 43.5 percent. I will note at this stage of the quarter the annual changes in margins should not on their own be taken as an indication of future margins.

(Picking up on balance sheet), debt September 30, 2014, stood at 250 million as compared to 258 at March 30, 2014, with cash and cash equivalents for the period totaling 176.7 million and 145.4 million respectively.

Fast net debt was reduced by 39.4 million in the 6 months ended September 30, 2014, and totaled 73.3 million. The changed note that was tremendously driven by proceeds from the issuance of shares combined with cash generated from the company's operating activities offset for our investment in the film's slate.

In addition, as Jyoti has already mentioned, we successfully raised 50 million pounds of Sterling from the U.K. retail bond offering and that proceeds to Eros after transaction costs were approximately $80 million.

We used the proceeds of the offering to repay some of our INR denominated debt, which typically carries a higher interest charge in our U.S.D denominated debt, as well as, continue to invest in film content.

Our cash flow profile continues to improve as we're seeing increased monetization of current releases and contribution of our lively catalog. As noted previously, our goal is to be cash flow positive during the fiscal 2016.

In summary, we believe our business is well positioned for continued growth and profitability, with strong growth expected for the second half of the year of managed expansion of our film slate for future years.

Thanks for listening and now we can take questions.

Operator: At this time, I would like to inform everyone if you'd like to ask a question, please press star, then the number one on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from the line of (Tim Nolan) of (Macquarie).

(Tim Nolan): Hi, thank you. I just had a couple of questions. One is just a small housekeeping one, if you could please explain if there's anything in the tax line that happened in Q2. For what it's worth, our estimates were very close to yours except for the EPS and I think it's the – a tax item that might've been the difference.

Andrew Heffernan: In terms of the tax, we're taking an effective rate over the year of around 25.1 percent, but that effective rate is after adding back share based payment costs and derivative profits or losses, but with similar to our first quarter.

So there's no major change. The expectation at this stage is that the full-year tax charge would be around the 25.1 percent, but we would look at that again in the next quarter, in the final quarter of this year.

(Tim Nolan): OK. Thanks. And then secondly, further to the observations you made about the TV strategy and looking at HBO, wondered if you could just explain a little bit more what's happening. I understand there's an opportunity to put some of your content under this premium window, but you – it seems like you've got different roles to play with your existing TV relationships.

I just wonder what more you could explain about that, please.

Jyoti Deshpande: Sure. So basically, continuing our TV licensing in the – within the bread and butter business continues as normal. The premium opportunity right now, what we're doing is we have these HBO channels for which we contribute some films and it's predominantly English content.

So 70 percent of the content in those channels are English and then 30 percent of the content is composed of – out of some of the films that we contribute.

So we've seen the proof of concept. We've seen that people are willing to subscribe, pay a separate fee, and subscribe to premium television for an ad-free experience, and a high-definition experience.

Having said that, we still under half a million subscribers. So while this doesn't cost us anything and it's basically an opportunity that we look to in the future, we see that the uptick of the – of the channels is not as fast as we would have liked it to be.

We would like it to be around a million sub-mark at the end of this year. So we'll be monitoring that, but nothing in this collaboration prevents us from actually going out and explore a pure Bollywood kind of an opportunity.

So Star HD has also launched a channel on the back of HBO, which also offers English content. So one would be curious to see if there was a Hindi movie kind of premium offering which offered similar windowing. Will it – will it be more popular compared to the five to seven percent market of being off English channels?

So we're putting together a plan in terms of you know how do we enter broadcasting. The opportunity – I mean, the Bollywood entry in the yesteryears of pure broadcasting unlike premium broadcasting was there were huge carriage fees to be paid and in the analog, it was difficult to navigate through the cable operators.

But now, that has gone away and you – the digitization, a large part of the target base is already digital, but we can be 80 million (DDH) homes and the balance 80 million cable homes that are digital.

So basically, we would – we would look at this opportunity. We're not saying we are going to launch or not going to launch. We're saying we're watching the space and we will see the biggest investment is content, which we've already invested in and made a profit on from our – from our traditional monetization.

So as it goes into the catalog, Eros Now is an obvious opportunity for us to monetize our content new and library. Similarly, we may look at premium broadcasting, but Bollywood (basically).

Does that answer your question?

(Tim Nolan): Yes. Yes, that does. I just wonder if there's more requirement for marketing costs then to push the HBO J.V. in particular or your – just your TV efforts in general. Eros Now is a separate topic, I understand. Really interested in the TV side of it right now.

Jyoti Deshpande: Yes, I think – I think HBO is in charge of the OpEx.

(Tim Nolan): OK.

Jyoti Deshpande: So I don't think we can – we can drive marketing more or less than we can – we can discuss, but I believe they are doing as much that they need to do for marketing the channels. And so we will discuss with them, we continue discussing with them in terms of how we can build this further.

Meanwhile, we will also see what we have to do in that market outside of what we're doing with HBO.

(Tim Nolan): Fine. That makes sense. Thank you.

Operator: Yes. Once again, if you would like to ask a question, please press star, then the number one on your telephone keypad. Your next question comes from the line of (Michael Needleman) of Fusion.

(Michael Needleman): Hi. I had two questions. Thank you for letting me ask a couple of questions. Can you give me the compare for the fourth quarter in terms of the budget films, how they somewhat ranked?

Last year, you had one, I think, large film and could you break down the rest and how you kind of compare for the supporter coming?

Jyoti Deshpande: So last year this quarter, along with the…

Andrew Heffernan: So in terms of the quarterly releases, so in this quarter, we had one major film release last – the comparable period last year we didn't have any.

(Michael Needleman): Right.

Andrew Heffernan: We had three medium-budget films in this period, but last year we had five medium-budget. So the scale of those medium-budget were compared to the one and the three this time. The sense was overall it was a similar scale.

So it – comparatively, it's almost a like-for-like period; although, there's a difference in the number of films …

(Michael Needleman): …in the low budgets – in the low – in the low budget films you had was what?

Andrew Heffernan: The low budget that was 17 compared to 5 last year. The low budgets, some of those can be relatively low so that the major driver is the major and the medium budget.

(Michael Needleman): And in the current quarter that we're in, can you kind of do the compare? What was your actual number last year as far as the breakdown?

Andrew Heffernan: In terms of – in terms of the releases, it's fairly similar in terms of the scale across this period as to last time. So as Jyoti laid out on the call, we have a number of major releases. So there's two Tamil releases and two Hindi releases in this quarter.

So …

(Michael Needleman): Were there any large – there was one large-budget film last year in this quarter?

Jyoti Deshpande: No.

Andrew Heffernan: No. In the – in the current quarter. Sorry.

(Michael Needleman): None? Current quarter – in the current quarter that we're in, there was – OK. And the second question is if you can break this down, although it's early and you have less than 500,000 subscribers, can you tell me what the split is in terms of revenue share that HBO is sharing with you and do you also have the capability of telling us what is the monthly charge that HBO is charging for that premium service?

Jyoti Deshpande: So they charge 50 Rupees per channel. So it's 100 Rupees for 2 channels. The rate guard is basically – it's like – it's strikes likely more for each individual ala carte, but if you take 2 channels, you get it for 100 Rupees, and if you take high-definition, you get it for 120 Rupees.

So 100 Rupees is just under a dollar, about 80 cents, and 120 Rupees is almost exactly $2. And basically, the deal with HBO is whatever money that the a (Sky) or Dish Network, we charge the customer. After deduction of the tax, it can be anything between 20 percent to 30 percent after deduction of the (bank), it's split halfway between the platform provider like (Dish or Sky) and the HBO/Eros collaboration.

Then from what is left, the 3 studios, which is – which is the 2 Hollywood studios and Eros, take away a third of 50 percent of what is left. So about 16.6 percent each we take away of off the top for being content providers.

And then HBO takes out all of their operating expenses for technical and marketing, et cetera, and this is a pre-agreed amount for the year with Eros. So they take away all the OpEx and such, and then what's left is a split 50/50 between HBO and Eros. So that's the deal.

So basically, until it reaches a certain critical mark, or at least a million dollars, a million subscribers, four months with record revenues from million subscribers per month, we don't anticipate getting any profit share.

(Michael Needleman): OK. And the last question I have is when do you expect Eros Now to Star contributing in terms of revenue?

Jyoti Deshpande: We – it is already contributing to revenue, but what we – what we want is for us to now maximize reach. So our short term objective is mainly to get as many people to download the Eros Now app.

We're launching a new app this December, a new refreshed Eros Now app for Android, iPhone, all the – all the – all the different platforms, and we want to integrate the billing platform for the app due – with our tech zone acquisition such that people don't have to really put on their credit cards and go to a laborious way of paying for content.

So in the short run, our objective is less about premium subscribers and more about maximizing reach. And if we – if we sort of get a 10 percent conversion of reach to premium, we will be very, very happy.

So we think we are at least a couple of years away from making serious money from this, but we are very close to starting to get some traction and some big numbers in terms of reach.

(Michael Needleman): Thank you very much.

Jyoti Deshpande: OK.

Operator: Your next question comes from the line of (Ryan Goldberg) of Bank of America/Merrill Lynch.

(Ryan Goldberg): Hi. Thanks. Just have a couple of quick ones. One, I wanted to follow-up on Eros Now Television and also get an update on tech zone, and then I wanted to ask about the pre-selling environment for your fiscal ’16 slate.

So, I guess, to start with Eros Now Television, and I apologize if I – if you already mentioned this, but would – are you evaluating an ad-supported service model or a premium subscription-only model?

Jyoti Deshpande: So we’re getting basically a paper strategy, paper prepared to look at the current environment, the current layers. We – it’s the end of that market we clearly don’t want to be a marginal player.

So we are closely looking at the premium television opportunity only at the moment because that’s the last capital intensive and we could do it quite quickly, but we will evaluate all of the opportunities and sort of we’re not looking at the GEC space, which is the most cutthroat immediately.

GEC as in for – expanded is General Entertainment. That is the…

(Ryan Goldberg): Yes.

Jyoti Deshpande: … general entertainment space is the most cutthroat and that is the space where all of the – it's advertising-driven, and where all the majors show their drama series, et cetera.

We are looking to build on our strengths, which is movies and music, and then eventually if we – if we see the general entertainment space has room for more, then we will consider that in the future.

(Ryan Goldberg): And I'm just curious, if I remember correctly, there was a regulatory change, I think, this past summer that sort of unwound the distribution alliances amongst the major cable network program groups in India.

Jyoti Deshpande: Yes. Yes.

(Ryan Goldberg): And I'm just curious. I mean, post that unwind, from your view, as you know a pure play or independent programmer potentially, is it harder or easier to gain carriage in this – in this more unbundled environment?

Jyoti Deshpande: So premium television, for example, we just did that with HBO. We know that it's not hard. If you have compelling content and are going to charge a separate fee, which is significantly higher towards the cable (inaudible) or their DDH operator is currently charging.

So to give you an example, if all the major platforms currently are sort of – their big area focus is how do we increase ARPU, yes? And all of them are giving away free 100 plus channels for 350 Rupees to 400 Rupees, which is – which is just 3 of – 3 – between $3 and $4, right? So – or $5 tops.

They're giving away all the channels and a large part of that is going back to the channels of subscription revenues and because now, the cable environment is not able to under-declare these homes.

So if you come along and say, like, I'm going to launch a channel for which I will be charging 50 Rupees and we will split it in a certain ratio and so the ARPU from that one single channel is successful for the platform operator is huge.

So we don't – we don't – we think we will be welcomed with open arms if we go out with the premium strategy. It's only if you want to sell ads and going to the basic cable play. There will be all the question of carriage fees and the unbundling, which you know – how will you secure carriage on your own and things like that.

So I know there's a lot of – I mentioned it in my speech, so there's a lot of focus on this part. It's not like we're about to launch television networks in the next two months and we will plan it well ahead.

There's also licensing to be procured. So there will be a long lead time. Nothing will happen in this fiscal, if at all. It'll happen in the next fiscal and we will chop out a clear roadmap if we do get into broadcasting, but it is a very, very real opportunity for us.

(Ryan Goldberg): That's helpful. And I guess I – you know I recognized this early days in terms of the strategy and you know everything's on the table, but would you – are you solely contemplating pursuing this type of initiative on your own or would you ever contemplate doing it in partnership with somebody else?

I'm just curious to think about what the scenarios could look like here.

Jyoti Deshpande: So logically, I think we could get jump-started with more recent music on our own because we're not really dependent on anyone else for that and even probably moving music in a lifestyle type channel.

But – and if we – if we make the impression that we think we can make in that, I think there would be collaborations on the table for the larger GCPs.

(Ryan Goldberg): Got it. OK. That's helpful. On the tech zone acquisition, I was just curious, and I – when is your current – what is your current estimate of when you – when you'd be closing on that deal?

Andrew Heffernan: Sense on that, we're waiting for certain conditions (Preston), which although they dragged on, it's (clauses) that we're just waiting back from some of the telecos, which are not problematic, but obviously we won't complete until they're there.

And so – but we anticipate, I think, in the statement we said – well, I said it first, March 2015, and the sense is it could be sooner and before the end of this quarter.

(Ryan Goldberg): OK. And then finally, thanks for the color on the fiscal '16 slate and the outlook. I'm just curious. I mean, I know a lot of your pre-sales activity is covered by output deals with some of the TV networks, but has your – what percentage of your you know capital that you envision committing towards that slate right now?

How much is pre-sold right now? And I guess with the change in political leadership in India and the improved sentiment in India and the economic environment, I mean, has there been any change in the pre-selling environment for you that's noteworthy?

Jyoti Deshpande: So they're – the dominant chunk of the pre-sales used to be or is television. And apart – I mean, in our perspective, et cetera, we announced we did, like, a large deal with a (Y-com) where there was a slate of films in there.

So now, the pre-sales are happening in smaller chunks. We tend to do it in this quarter for the next quarter, that kind of a thing rather than for television, and rather than you know a year in advance or several months in advance because whether the rates are rising and the content is getting more and more premiums, we like to take the benefit of the marketing boost when a film is being released.

So the six to eight weeks prior to the theatrical release of the film and we do the marketing boost, that's when we are able to excite our potential partners the most. And so you would still do the bundling, you would still bucket medium-budget with high-budget and so on and so forth and also drop in a few catalog films.

But we don't want to sort of commit. So given the quality of our slate, we actually wouldn't want to be pre-sell it right now. We would benefit more from hanging onto it for some time. And – but the appetite is there and larger films are, of course, easier to sell than smaller films. It goes without saying, but that was always the case.

And in terms of theatrical pre-sales, it's still continuing to be strong whether it's Tamil, whether it's Hindi. There's a lot of demand and we get a lot of offers before the theatrical release of the film and, of course, we take some, we don't take some in terms of where is dominantly multiplex.

We release the films ourselves and from smaller territories, we take advantage of the pre-sales. So nothing's changed.

(Ryan Goldberg): OK. Great. Thank you very much.

Jyoti Deshpande: OK.

Operator: At this time, there are no further questions. I will now return the call to Jyoti Deshpande for any additional or closing remarks.

Jyoti Deshpande: Nothing more to add. We – all I can say I hope I sound excited because we're – we were very excited about the current quarter results and we're excited about the rest of the year. The slate is extremely strong in terms of the films that we have coming over the next four to six months.

And next year, we will – we hope to have more good news along the way as we close more deals and we are all set to sustain our market leadership position. And I'd like to take this opportunity to thank you once again for your support for this company. Thank you.

Operator: Thank you for participating in the Eros International Second Quarter 2015 Earnings conference call. You may now disconnect.

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