

Eros Said in Talks to Sell Stake in Eros Now to Fullerton

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- The shares have fallen more than 75 percent in past month
- Eros owns and distributes Bollywood films to Indian audience

Eros International Plc, the Bollywood film producer and distributor, is in advanced talks to sell a stake in its Eros Now unit to Singapore-based Fullerton Fund Management Co., people with knowledge of the matter said.

The deal, if completed, would value Eros Now at as much as \$800 million, said the people, who asked not to be named because the transaction is private. That is much higher than where the market values the business now, one of the people said. Eros Now is Eros International's streaming platform, which has about 19 million subscribers, mostly in India, one person said.

Eros, with a market value of about \$1.3 billion, is discussing selling 10 percent of Eros Now to Fullerton, a unit of Singapore state investor Temasek Holdings Pte, the person said. Eros and Fullerton are negotiating a structure for the investment, the person said. While no agreement has been reached yet, a deal could be announced by next week, another of the people said.

Whit Clay, a spokesman for Eros, declined to comment. Jeffrey Fang, a spokesman for Temasek, couldn't immediately be reached for comment. Eros International shares rose 6.4 percent at 1:24 p.m. after climbing as much as 8.1 percent.

The Eros Now unit would remain unlisted within the parent company. Fullerton, which already owns about 10 percent of Eros International, wouldn't increase its investment in the parent company through the Eros Now investment, another person said. Temasek holds a stake of about 4.5 percent in Eros International, according to data compiled by Bloomberg.

Eros Now, currently a paid subscription service, is considering changing its monetization strategy to rely more on digital advertising, one of the people said. This could dramatically boost subscribers and could allow foreign companies to advertise on the platform, the person said. The company is betting that the streaming service will attract growing numbers of users as Indians become more affluent and increasingly use smartphones.

Eros management believes the change will push Eros Now past Netflix Inc. in number of users, the person said. Netflix has more than 62 million worldwide subscribers. Unlike Netflix, Eros owns all of its content, consisting of Bollywood films and music.