

Strong Operating Profit Growth in A Difficult Quarter

Advertising Revenue of Rs 9,554 Mn, Up 3.4% YoY

Subscription Revenue of Rs 5,935 Mn, Up 13.7% YoY

Consolidated Operating Revenue of Rs 16,391 Mn, Up 3.4% YoY

EBITDA at Rs 5,158 Mn; EBITDA Margin of 31.5%

Profit after Tax of Rs 2,549 Mn; PAT Margin of 15.6%

Q3 HIGHLIGHTS

- ❖ Advertising revenue for the quarter were Rs 9,554 million, recording a growth of 3.4% over Q3FY16. Domestic advertising revenue grew at 3.7% to Rs 8,737 million while international advertising revenue stood at Rs 817 million.
- ❖ Subscription revenue at Rs 5,935 million for the quarter ended December 31, 2016 grew by 13.7% over Q3FY16. Domestic subscription revenue stood at Rs 4,818 million while international subscription revenue stood at Rs 1,117 million.
- ❖ Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter stood at Rs 5,158 million registering a growth of 20.1% over Q3FY16. EBITDA margin stood at 31.5%
- ❖ The Company launched HD feed of 3 regional channels taking the count of non-sports HD channels to 9.
- ❖ During the quarter, the Company got into an agreement with Reliance Broadcast Network Limited (RBNL) to acquire its television broadcasting operations. On conclusion of the transaction, RBNL's two channels – Big Magic (Hindi GEC) and Big Ganga (Bhojpuri GEC) will form a part of our portfolio along with 4 television broadcasting licenses.

The company has adopted IND-AS for reporting financial performance from Q1FY17. Financial statements for corresponding previous period quarter (Q3FY2016) and preceding quarter (Q2FY2016) have been restated accordingly

Mumbai, January 24, 2017: The Board of Directors in its meeting held today, has taken on record the unaudited consolidated financial results of Zee Entertainment Enterprises Limited (ZEEL) (BSE: 505537, NSE: ZEEL.EQ) and its subsidiaries for the quarter ended December 31, 2016.

ZEEL reported consolidated revenue of Rs 16,391 million for the third quarter of fiscal 2017. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was at Rs 5,158 million. PAT for the quarter was Rs 2,549 million. The EBITDA margin for the quarter stood at 31.5% and the PAT margin was 15.6%.

Dr. Subhash Chandra, Chairman, ZEEL, commented, “Government’s decision to demonetize high value currency had an impact on businesses across sectors. Notwithstanding the short term disruption caused by demonetization, we believe that it is a step in the right direction. Demonetization along with implementation of GST and push towards cashless economy would help country’s long term growth.”

Commenting on the results of the Company, Dr. Chandra added, “The result once again demonstrates our commitment towards profitable growth and enhancing shareholders’ wealth. Despite the impact of demonetization, we have delivered growth in advertising revenues and growth in subscription revenues remained strong. We believe the adverse impact of demonetization is transient and with a strong portfolio of national and regional channels we are confident of delivering sustainable growth.”

Mr. Punit Goenka, Managing Director & Chief Executive Officer, ZEEL, commented, “We are happy to deliver another quarter of strong profit growth in a challenging environment. Despite the impact of demonetization on our advertising revenues, we have improved our EBITDA margins. This highlights our ability to manage costs to drive profitable growth on a consistent basis.

Acquisition of broadcasting business of RBNL is in line with our strategy to expand our offering in key genres and focus on regional space. BIG Magic, a comedy channel, will complement our Hindi GEC portfolio. BIG Ganga, the leading Bhojpuri channel, will give us entry into the attractive Bhojpuri market. We are confident that these two channels will benefit immensely from the strength of our network.

The deceleration in our advertising revenue growth during the quarter is largely attributable to demonetization. Advertisers’ willingness to invest in their brands remains intact. However, the timing of spends has been re-calibrated to an extent to suit the change in dynamics due to demonetization. As economic situation is normalizing, ad spends have already started moving up from December levels.”

BUSINESS PERFORMANCE

Broadcast Operations

In the preceding quarter ZEEL Network's viewership share excluding sports was 15.9%. The quarter saw the launch of HD feed of three regional channels taking the count of non-sports HD channels to 9. The viewers can now watch Zee Marathi, Zee Bangla and Zee Talkies in HD.

Our two Hindi GECs, **Zee TV** and **&tv**, had a combined share of 20.8% in the pay Hindi GEC genre. **Zee Anmol**, Hindi GEC catering to Free-to-Air (FTA) audience was the leader in FTA Hindi GEC space. Our flagship Hindi GEC, Zee TV, saw some decline in viewership while &tv improved its viewership marginally.

In **Hindi movie** genre we continue to retain leadership position through our five channels. Our latest offering **Zee Anmol Cinema** for FTA movie market has been well received and is ranked number 2 in its category.

Regional entertainment portfolio once again exhibited a strong performance. **Zee Marathi** increased its market share at the No.1 position in the Mah/Goa market. **Zee Bangla** was the second most watched channel in West Bengal. In Telugu genre, **Zee Telugu** was the third ranked channel. **Zee Kannada** increased its market share as the second ranked channel in Karnataka. **Zee Tamil** continues to gain market share and is now the second ranked channel in the Tamil market. **Sarthak TV** continues to dominate the Oriya market.

Our **English cluster** continues to perform well bringing the best entertainment content and movies from around the world.

The key properties on our **Sports channels** bouquet during the quarter included telecast of the following cricket series – *Zimbabwe vs Sri Lanka*, *South Africa vs Australia* and *Pakistan vs West Indies*. The sports business revenue in the third quarter of FY2017 was Rs 1,411 million, while the cost incurred in this quarter was Rs 1,334 million.

International Business

ZEEL's **International business** continues to perform strongly driven by global demand for our products. For the quarter ended December 31, 2016 the international business did

- Advertisement Revenue of Rs 817 Mn
- Subscription Revenue of Rs 1,117 Mn
- Other Sales and Services of Rs 596 Mn
- Total Revenue of Rs 2,530 Mn

Other Businesses

Zee Music Company, our music label, continued with its library expansion with acquisition of music rights in both Bollywood as well as regional space. In Q3, our music label registered more than 1.4 billion views on its Youtube channel.

Live Events' first property - 'Wicked Weekends', continued with events across venues and cities. The business rolled out its second property with the commencement of Zee Theatre Tour in January 2017.

DittoTV went live on major telecom operators' platforms which should drive subscriber growth.

CONDENSED STATEMENT OF OPERATIONS

Consolidated operating revenue for the third quarter of FY2017 stood at Rs 16,391 million, recording a growth of 3.4% on a y-o-y basis. EBITDA for the quarter ended December 31, 2016 was Rs 5,158 million translating into EBITDA margin of 31.5%. Profit After Tax (PAT) for the quarter ended December 31, 2016 was Rs 2,549 million. PAT margin for the quarter stood at 15.6%. The following table presents the condensed consolidated financial statement of ZEEL and its subsidiaries for the third quarter of FY2017 versus FY2016:

(Rs million)	Third Quarter		% Growth
	FY 2017 (Unaudited)	FY 2016 (Unaudited)	
Operating Revenue	16,391	15,854	3.4%
Expenditure	11,233	11,560	-2.8%
Operating profit (EBITDA)	5,158	4,295	20.1%
Add: Other Income	525	295	78.1%
Less: Depreciation	249	204	21.9%
Less: Finance Cost	90	106	-14.7%
Less: Fair Value Through P&L	713	362	97.2%
Profit Before Tax (PBT)	4,630	3,917	18.2%
Less: Tax Expense	2,081	1,602	29.9%
Profit After Tax (PAT)	2,549	2,316	10.1%
Add: Share of Profit / (Loss) of Associates	(41)	(7)	
Less: Minority Interest	(0)	0	
Other Comprehensive Income	101	98	

NOTES

A: Previous period figures have been regrouped wherever necessary.

B: Numbers may not add up due to rounding

REVENUE STREAMS

ZEEL has three sources of revenue - advertising sales, subscription and other sales and services. Other sales and services include revenue from our movie production business, content syndication, music label and commission on sales amongst others. The other sales and services revenue for Q3FY16 and Q2FY17 were boosted by movie releases and syndication of sports properties. The following table contains break-down of consolidated revenue by streams.

(Rs million)	Third Quarter		% of total revenue		% Growth
	FY2017	FY2016	FY2017	FY2016	
Advertising revenue	9,554	9,237	58%	58%	3.4%
Subscription revenue	5,935	5,218	36%	33%	13.7%
Other sales and services	902	1,399	6%	9%	-35.5%
Total Revenue	16,391	15,854	100%	100%	3.4%

Refer Notes A and B above

ZEEL's consolidated advertising revenue grew by 3.4% in Q3FY17, despite the impact of demonetization and the high base formed by 26.8% y-o-y growth in Q3FY16. Advertising revenue growth during first 40 days of the quarter, i.e. pre-demonetisation was similar to the growth seen in H1FY17.

Total subscription revenue in Q3 grew by 13.7% to Rs 5,935 Million. The strong growth in domestic subscription revenue is attributable to closure of content deals with a few large distribution platform operators during the quarter. Accordingly, Q3 subscription revenue includes catch-up revenue for the previous quarters. The strong growth in subscription revenue in 9MFY17 is due to finalization of several content contracts in Q2 and Q3 in this financial year as compared to finalization in the second half in previous financial year. The outlook for full year growth in domestic subscription revenue remains unaltered.

EXPENDITURE

ZEEL's total expenditure in Q3FY17 stood at Rs 11,233 Million, lower by 2.8% as compared to Q3FY16. The following table sets forth the break-down of costs.

(Rs million)	Third Quarter		% of total expenses		% Growth
	FY2017	FY2016	FY2017	FY2016	YoY
Operating cost	7,035	6,999	63%	61%	0.5%
Employee cost	1,419	1,253	13%	11%	13.2%
Advertisement & Publicity expense	1,049	1,197	9%	10%	-12.4%
Other Expenses	1,730	2,110	15%	18%	-18.0%
Total Expenses	11,233	11,560	100%	100%	-2.8%

Refer Notes A and B above

Growth in operating costs decelerated sharply in Q3FY17 as our movie production business did not release any movie during the quarter and cost for the sports channels was lower. Our advertisement and publicity costs declined as some of the events were deferred to later quarters keeping in mind the impact of demonetization. The drop in other expenses is largely attributable to significant reduction in placement cost.

CORPORATE DEVELOPMENTS

During the quarter under review:

- The Board of Directors of the Company in the meeting held on November 23, 2016 had approved acquisition of General Entertainment Television Broadcasting Undertakings of Reliance Big Broadcasting Pvt Ltd, Big Magic Limited and Azalia Broadcast Pvt Ltd through demerger and vesting of said undertakings with the Company under a Composite Scheme of Arrangement. The said Composite Scheme of Arrangement is awaiting issuance of Observation Letter(s) by / No-Objection from the Stock Exchanges.

SHAREHOLDING PATTERN

The total outstanding shares of the Company as of Dec 31, 2016 were 960,448,720. The shareholding pattern as of Dec 31, 2016 is given below:

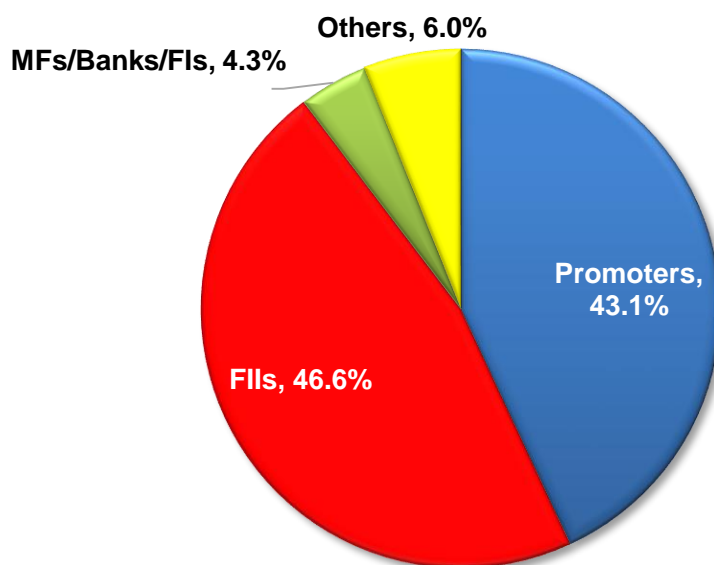


Figure: Shareholding pattern as on Dec 31, 2016



Note: This earnings release contains consolidated results that are unaudited, and prepared as per Indian Accounting Standards (Ind-AS).

CHANNEL PORTFOLIO



॥ VASUDHAIVA KUTUMBAKAM ॥
THE WORLD IS MY FAMILY

171 COUNTRIES | 39 DOMESTIC CHANNELS | 39 INTERNATIONAL CHANNELS
1+ BN VIEWERS | 222,000+ HOURS OF TV CONTENT

Caution Concerning Forward-Looking Statements

This document includes certain forward-looking statements. These statements are based on management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological and/or regulatory factors. Zee Entertainment Enterprises Limited is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

About Zee Entertainment Enterprises Limited ("ZEEL")

Zee Entertainment Enterprises Limited is one of India's leading television media and entertainment companies. It is amongst the largest producers and aggregators of Hindi programming in the world, with an extensive library housing over 222,000 hours of television content. With rights to more than 3,800 movie titles from foremost studios and of iconic film stars, ZEEL houses the world's largest Hindi film library. Through its strong presence worldwide, ZEEL entertains over 1 billion viewers across 171 countries.

Pioneer of television entertainment industry in India, ZEEL's well-known brands include Zee TV, &tv, Zee Anmol, Zee Cinema, Zee Action, Zee Classic, &pictures, Zee Anmol Cinema, Ten 1, Ten 2, Ten 3, Zee Cafe, Zee Studio, Zee Salaam, Zing, ETC Bollywood, Zee Q and Zindagi. The company also has a strong offering in the regional language domain with channels such as Zee Marathi, Zee Talkies, Zee Yuva, Zee Bangla, Zee Bangla Cinema, Zee Telugu, Zee Cinemalu, Zee Kannada, Zee Tamil and Sarthak TV. The company's HD offerings include Zee TV HD, &tv HD, Zee Cinema HD, &pictures HD, Zee Marathi HD, Zee Talkies HD, Zee Bangla HD, Zee Studio HD, Zee Café HD, Ten 1 HD and Ten Golf HD.

ZEE and its affiliate companies have leading presence across the media value chain including television broadcasting, cable distribution, direct-to-home satellite services, digital media and print media amongst others. More information about ZEEL and its businesses is available on www.zeetelevision.com.