



Extraordinary Together

Strong operating performance led by advertising revenue growth

Domestic Advertising Revenue of Rs. 11,373 mn, Up 30.4% YoY adjusted for sports

Domestic Subscription Revenue of Rs. 4,036 mn, Up 7.5% YoY adjusted for sports

EBITDA at Rs. 5,944 mn, EBITDA Margin of 32.3%

2 HD channels – Zee Telugu HD and Zee Cinemalu HD launched

Q3FY18 HIGHLIGHTS

- ❖ ZEEL was the No. 1 non-sports entertainment television network during the quarter with a viewership share of 18.3%.
- ❖ Advertising revenue for the quarter was Rs. 12,020 million recording a growth of 25.8%. Adjusted for sports, domestic advertising grew by 30.4% to Rs. 11,373 million. On a comparable basis (excluding sports, RBNL and IWPL), domestic advertising revenue grew by 25.7%. International advertising revenue for the quarter was Rs. 647 million.
- ❖ Subscription revenue for the quarter was Rs. 5,017 million. Adjusted for the sale of sports business, domestic subscription revenue grew by 7.5% to Rs. 4,036 million. International subscription revenue stood at Rs. 981 million.
- ❖ Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter stood at Rs. 5,944 million and EBITDA margin stood at 32.3%.
- ❖ During the quarter, two HD channels, Zee Telugu HD and Zee Cinemalu HD, were launched taking the count of HD channels to 13.
- ❖ Zee Studios released two Hindi and one Marathi movie during the quarter. Hindi movie, *Secret Superstar*, performed well at the box office while the other two received rave reviews.



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Mumbai, January 17, 2018: The Board of Directors in its meeting held today, has approved and 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, 2017.

ZEEL reported consolidated revenue of Rs. 18,381 million for the third quarter of fiscal 2018. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs. 5,944 million. PAT for the quarter was Rs. 3,222 million. EBITDA margin for the quarter was at 32.3%.

Dr. Subhash Chandra, Chairman, ZEEL, commented, "It is very heartening to see the rebound in the economy after four quarters. The initiatives taken by the government had some short-term impact on the growth but these measures will strengthen the economy in the long run. Indian M&E sector will be a beneficiary of this growth story as people spend more time and money on consuming entertainment content. ZEEL, with its strong portfolio of entertainment offerings, is well positioned to capitalize on this opportunity."

Mr. Punit Goenka, Managing Director & Chief Executive Officer, ZEEL, commented, "We are delighted to deliver a strong operating performance during the quarter. The slower growth in the last four quarters was due to specific events which required advertisers to recalibrate spends. As the impact of these factors is now behind us, ad spends have bounced back strongly and outlook remains encouraging. The recent cut in GST rates across a wide category of products should aid the growth."

Our domestic ad revenue growth of 26% is a testimony to the fact that television continues to remain the most effective medium for brand building. With a dominant time share along with an increasing reach, television will remain an important medium for advertisers in the foreseeable future. On top of this, digital platforms are driving incremental video consumption which represents another growth opportunity for content monetization. Our new digital platform, Zee5, scheduled to be launched in February, will enable us to capture this growth.

The domestic subscription growth for the quarter was at 7.5%. The growth so far has been lower than what we had last year as the content deals with our distribution partners are taking slightly longer to conclude due to litigations regarding the TRAI tariff regulation. Last year we had closed majority of these deals in the second and third quarter. However, this does not have any significant impact on our full year outlook for subscription growth."



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BUSINESS PERFORMANCE

Brand refresh

On the occasion of completing 25 years of operations, our businesses adopted a fresh and vibrant look. The circular form of the new brand logo symbolizes continuity and inclusiveness, while the colour amethyst represents creativity and transformation. The visual property, *Exuberance*, a colourful explosion of creative energy, makes ZEE the fountainhead unleashing extraordinary potential. The new brand identity along with the new brand philosophy of '*Extraordinary Together*' will enable the Company to establish a closer connect with its consumers.

Broadcast Business

In Q3FY18, ZEEL maintained its #1 position in non-sports entertainment, with a viewership share of 18.3%. The network improved its performance in several regional language markets while continuing to be the leader in pay Hindi GEC segment. In continuation with the focus on premiumization, HD versions of *Zee Telugu* and *Zee Cinemalu* were launched following launch of *&privé HD* and *Zee Tamil*.

Zee TV was the leader in the pay Hindi GEC segment and **&tv** maintained its market share. In the Hindi FTA category, **Zee Anmol** retained its leadership position and **Big Magic** continued to perform strongly.

With a strong portfolio of four channels, the cinema cluster retained its leadership position in the **Hindi movie** genre.

Regional entertainment portfolio continued to exhibit strong performance. **Zee Marathi** maintained its No.1 position in the Marathi market. **Zee Bangla** continued to be the second most watched channel in West Bengal. In Telugu market, **Zee Telugu** improved its market share significantly in the Urban market to become the No. 1 channel in Urban market. **Zee Kannada** maintained its position as second ranked channel in Karnataka. **Zee Tamil** improved its market share as the third ranked channel in the Tamil market. **Zee Sarthak** continues to maintain its strong leadership position in the Odiya market. **Big Ganga**, the Bhojpuri channel maintained its strong viewership.

Zee Café, with its strong line-up of shows, continues to be an audience favourite for English entertainment and **Zee Studio** premiered some of the best movies from around the world. **&privé HD**, premium destination for English movies, gained leadership position in the first quarter of its launch.



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International Business

During the quarter, ZEEL's International business revenue was Rs. 1,878 million. On a comparable basis, the advertising and subscription revenues were lower by 0.8% and 3.4%, respectively. The adverse impact of currency appreciation and region-specific issues have contributed to the decline in revenues.

For the quarter ended December 31, 2017, international business revenue break-down is:

- Advertisement Revenue of Rs. 647 mn
- Subscription Revenue of Rs. 981 mn
- Other Sales and Services of Rs. 250 mn
- Total Revenue of Rs. 1,878 mn

Other Businesses

Zee Studios, our movie production division, released three movies during the quarter – *Secret Superstar* (Hindi), *Qarib Qarib Singlle* (Hindi) and *Faster Fene* (Marathi). *Secret Superstar* performed well at the box office and the other two movies received rave reviews.

Zee Music Company, our music label, continued with its library expansion with acquisition of rights of both Bollywood as well as regional music. In Q3, our music label registered ~3.0 billion views on YouTube.

OZEE saw a sharp improvement in performance metrics with an average of 145 mn+ video views per month during the quarter. **DittoTV** continued to see improved traction leveraging its partnerships with telecom operators. The strong performance of the two platforms provides a sound launch-pad for the new digital platform *Zee5*.



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CONDENSED STATEMENTS OF OPERATIONS

Consolidated operating revenue for the third quarter of FY18 stood at Rs. 18,381 million, recording a growth of 12.1% on YoY basis. EBITDA for the quarter ended December 31, 2017 was Rs. 5,944 million, translating into EBITDA margin of 32.3%. Profit After Tax (PAT) for the quarter was Rs. 3,222 million.

The following table presents the consolidated financial statement of ZEEL and its subsidiaries for the third quarter of FY18 versus FY17:

<i>(Rs. million)</i>	Q3FY18	Q3FY17	Growth
Operating Revenue	18,381	16,391	12.1%
Expenditure	12,437	11,233	10.7%
EBITDA	5,944	5,158	15.2%
Add: Other Income	480	525	-8.4%
Less: Depreciation	505	249	102.6%
Less: Finance Cost	24	90	-73.8%
Less: Fair Value Through P&L	419	714	
Profit Before Tax before exceptional items	5,477	4,630	18.3%
Less: Tax Expense	2,260	2,081	8.6%
Add: Share of Profit/(Loss) of Associates	(1)	(41)	
Less: Minority Interest	(5)	(0)	
Profit After Tax (PAT)	3,222	2,508	28.5%

NOTES

A: Previous period figures have been regrouped wherever necessary.

B: Numbers may not add up due to rounding

Sports Business Financials

<i>(Rs. million)</i>	Q3FY18	Q3FY17
Advertising revenue	-	177
Subscription revenue	-	1,163
Other sales and services	-	70
Total Revenue	-	1,411



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REVENUE STREAMS

ZEEL has three sources of revenue - advertising, subscription and other sales and services. Other sales and services include revenues from our movie production business, content syndication, music label and commission on sales amongst others. The following table contains break-down of consolidated revenues.

(Rs. million)	Q3FY18	Q3FY17	Growth
Advertising revenue	12,020	9,555	25.8%
Subscription revenue	5,017	5,935	-15.5%
Other sales and services	1,344	902	48.9%
Total Revenue	18,381	16,391	12.1%

Refer Notes A and B above

Advertising revenue

ZEEL's consolidated advertising revenue in Q3FY18 grew by 25.8% YoY to Rs. 12,020 million. On a comparable basis (excluding sports, RBNL and IWPL) the domestic advertising revenue growth was 25.7%. The strong growth, though on a low base, was led by the sharp rebound in the advertising spends across categories. Adjusted for sports, advertising revenue of our international business was flat YoY as growth in some geographies was offset by currency appreciation and ongoing issues in some of the territories.

Subscription revenue

Domestic and international subscription revenues for the quarter declined by 16.2% YoY and 12.1% YoY respectively, primarily on account of sale of sports business. On a like to like basis, the domestic subscription revenue grew by 7.5%. Domestic subscription revenue for Q3FY17 had benefitted from early closure of content contracts with our distributors, resulting in a high base. However, in the current year the contract renewal negotiations are taking slightly longer due to ongoing litigations regarding TRAI's tariff order. Despite the delay, the full year outlook for domestic subscription revenue growth remains largely unaltered.



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EXPENDITURE

ZEEL's total expenditure in Q3FY18 stood at Rs. 12,437 million, higher by 10.7% compared to Q3FY17. The following table gives the break-down of costs.

<i>(Rs million)</i>	Q3FY18	Q3FY17	Growth
Operating cost	6,730	7,035	-4.3%
Employee cost	1,535	1,419	8.2%
Advertisement & Publicity expense	1,796	1,049	71.2%
Other Expenses	2,375	1,731	37.2%
Total Expense	12,437	11,233	10.7%

Refer Notes A and B above

Despite sale of sports business, overall costs increased by 10.7%. Programming cost for the quarter declined by 4.3% YoY but increased 16.3% QoQ. The sequential increase was due to release of two mid-budget Hindi movies during the quarter and telecast of special properties on channels related to brand refresh. Advertising, Publicity and Other expenses increased by 50% YoY on account of brand refresh, 25-year celebration related events and promotion cost associated with movies.



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CORPORATE DEVELOPMENTS

- During the Quarter ended December 31, 2017, the Company had issued and allotted 4900 Equity Shares upon conversion of Stock Options granted under the Company's ESOP Scheme.
- In connection with the Composite Scheme of Arrangement and Amalgamation for consolidation of businesses of certain domestic subsidiaries approved by the Board on July 24, 2017, subsequent to receipt of no-objection from the Stock Exchanges and filing of Joint Application by all the entities involved in the Scheme, the Mumbai bench of Hon'ble National Company Law Tribunal, vide an order passed on December 21, 2017, had while directing the domestic subsidiaries to convene meeting on January 31, 2018 seeking their respective Shareholders approval to the Scheme, dispensed with the said requirement of seeking Shareholders / Creditors approval to the Scheme by ZEEL.
- Shareholders Agreement(s) relating to acquisition of 100% equity stake in 9X Media Private Limited and INX Music Private Limited approved by the Board at the meeting held on October 6, 2017, was amended to extend the Long-stop date to January 31, 2018, to facilitate the Investee entities of 9X to comply with certain Conditions Precedent(s) for conclusion of the acquisition transaction.
- During the Quarter Brickwork Ratings India Pvt Ltd had re-affirmed the existing rating of BWR AAA (Pronounced BWR Triple A) (Outlook: Stable) on the Listed Preference Shares of the Company.



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SHAREHOLDING PATTERN

The total outstanding shares of the Company as of December 31, 2017 were 960,453,620. The shareholding pattern as of December 31, 2017 is given below:

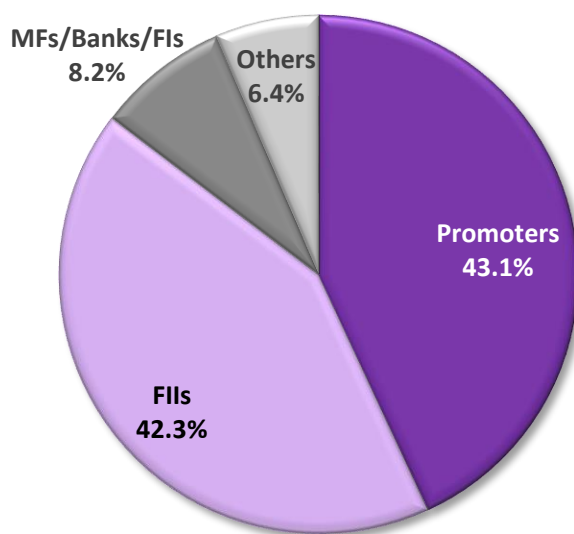


Figure: Shareholding pattern as on December 31, 2017





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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 media and entertainment companies. It is amongst the largest producers and aggregators of entertainment content in the world, with an extensive library housing over 250,000 hours of television content. With rights to more than 4,200 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 1.3 billion viewers across more than 170 countries.

Pioneer of television entertainment industry in India, ZEEL's well-known brands include Zee TV, &tv, Zee Anmol, Big Magic, Zee Cinema, &pictures, Zee Action, Zee Classic, Zee Anmol Cinema, Zee Cafe, Zee Studio, Zing, ETC Bollywood. 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, Zee Sarthak and Big Ganga. 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 Tamil HD, Zee Telugu HD, Zee Cinemalu HD, Zee Studio HD, Zee Café HD and &privé 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.zeeentertainment.com.