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Zee Entertainment Enterprises Ltd.  
Earnings Release

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## **EARNINGS RELEASE FOR THE QUARTER ENDED JUNE 30, 2012**

CONSOLIDATED OPERATING REVENUES OF RS 8,430 MILLION, UP 21% Y-O-Y

ADVERTISING REVENUES OF RS 4,472 MILLION, UP 18% Y-O-Y

SUBSCRIPTION REVENUES OF RS 3,641 MILLION, UP 19% Y-O-Y

OPERATING EBITDA OF RS 2,332 MILLION, UP 50% Y-O-Y

PROFIT AFTER TAX STOOD AT RS 1,570 MILLION, UP 21% Y-O-Y

### **1Q HIGHLIGHTS**

- ❖ Consolidated operating revenues for the quarter stood at Rs 8,430 million, recording a growth of 21% as compared to the corresponding quarter last fiscal.
- ❖ Advertising revenues for the quarter were Rs 4,472 million, which grew 18% over 1Q FY12.
- ❖ Subscription revenues were Rs 3,641 million for the quarter ended June 30, 2012, recording a 19% Y-O-Y growth. During the quarter, domestic subscription revenues stood at Rs 2,505 million, while international subscription revenues were Rs 1,137 million.
- ❖ Operating profit (EBITDA) for the quarter stood at Rs 2,332 million, recording a growth of 50% over the corresponding quarter last fiscal. EBITDA margin for the quarter stood at 27.7%.
- ❖ Profit after Tax (PAT) for the quarter ended June 30, 2012 was Rs 1,570 million, a growth of 21% Y-O-Y.

**Mumbai, July 20, 2012:** Zee Entertainment Enterprises Limited (ZEE) (BSE: 505537, NSE: ZEEL.EQ) today reported its first quarter fiscal 2013 consolidated revenue of Rs 8,430 million. The consolidated operating profit (EBITDA) for the quarter stood at Rs 2,332 million and PAT was Rs 1,570 million. The EBITDA margin for the quarter stood at 27.7% and the PAT margin was 18.6%.

The Board of Directors in its meeting held today, has taken on record the unaudited consolidated financial results of ZEE and its subsidiaries for the quarter ended June 30, 2012.

Mr. Subhash Chandra, Chairman, ZEE, stated, “For the last few months, the Indian economy has been torn between controlling inflation and maintaining robust economic growth. Economic trends have not been encouraging due to high inflation, elevated interest rates, sluggish growth and derailed capital expenditure. While the perceived lack of action on reforms is being talked about, the India story is still strong from a global perspective. All stakeholders are hoping for measures to ensure long-term inflation stabilization, reduction of fiscal deficit, and a drop in interest rates.”

“While business environment has stayed slightly weak, Zee continues to grow its business at a healthy level. The industry is looking forward to implementing the Digital Addressable System (DAS) in the first phase. While the deadline for the first phase of digitization got shifted by four months to October 31, 2012, digitization remains a strong theme for broadcasters. We continue to support the initiatives of the industry for a smooth transition to digital”, he continued.

Commenting on the first quarter results of the Company, Mr. Chandra added, “It is encouraging to see that ZEE has recorded a strong improvement in the operating and financial performance during the quarter. This has been on the back of increased investments that we are undertaking to grow the business and market share. We have a very strong balance sheet and I am confident that we would take advantage of the growth opportunities ahead of us and will record improved operating performance in the period ahead.”

Mr. Punit Goenka, Managing Director and Chief Executive Officer, ZEE, commented, “ZEE has started the year on a good note with improvement in the operating performance in Q1FY13. Our portfolio has done well, both in terms of viewership ratings and revenues. ZEE’s flagship channel, Zee TV has seen a rise in the average GRPs in 1QFY13 as compared to 4QFY12 and 3QFY12. During the quarter, we have been able to improve operating margins, partly due to higher viewership share and partly due to lower sports losses. In line with our focus of investing in content and programming we have launched new shows in the quarter, which have been well received by the audience.”

“We are pleased to state that many of our products have improved in genre ratings during the quarter and feature in the top tier of their respective genres. Our effort is to continue this journey and aim for the leadership slot now”, he continued.

Speaking about the outlook for the business, Mr. Goenka added, “The roll out of digitization will have a positive impact on our subscription revenues. In the next few quarters, we will continue to invest in making our content stronger and also build new businesses. The current slowdown in economy notwithstanding, we are confident of the continued growth of the business from medium to long term perspective. Our investments in the business are with a view to capture a large part of the growth prospects through disciplined investments.”

## BUSINESS PERFORMANCE

During the quarter, **Zee TV** averaged 215 GRPs recording a relative share of 21.2% among the top 5 Hindi GECs. Zee TV is now No. 2 GEC in the quarter in terms of ratings. The market share was even better in the *Prime Time* band, where Zee TV averaged 122 GRPs recording a relative share of 23.1%. The channel delivered a weekly average of 23 shows among top 100 shows during the quarter led by the top rated fiction shows like *Pavitra Rishta*, *Punar Vivah* and *Mrs. Kaushik* and the non-fiction show *Dance India Dance Lil Masters*. Zee TV launched new shows *Phir Subah Hogi* and *Sapne Suhane Ladakpan Ke* and extended its Prime Time on weekends with *Fear Files* in this quarter.

### Top properties on Zee TV

Dance India Dance Lil Masters

Pavitra Rishta

Punar Vivah

The network’s Hindi movie channel **Zee Cinema** averaged 127 GRPs during the quarter. The key properties of the channel during the quarter were *Lage Raho*, *Shanivaar Ki Raat Sitaron Ke Saath* and *Cinema Hall*. The quarter saw the launch of *B Se Big B Film Festival* and *Dopahar Zee Cinema Par Film Festival*. The premier of *Agneepath* on Zee Cinema met with a tremendous success and delivered good viewership ratings. The forthcoming quarter would see the premiere of *Agent Vinod*.

### Premiers on Zee Cinema

Agneepath

My Friend Pinto

Azaan

The network operates two channels in the English entertainment and movies genres - Zee Café and Zee Studio. Both these channels cater to the upwardly mobile urban Indian audiences and have been steadily consolidating their presence in this target group. Zee Café was the No. 1 channel in Female (CS 15-44 AB) and Young Audiences (CS 15-24 AB) with 6 programs featuring in the Top 10 in English GEC over the last quarter. The top shows on **Zee Café** were *Make It Or Break It*, *Pretty Little Liars* and *The Mentalist*. The key shows launched in the quarter were *Gordon’s Great Escape* and *Kourtney And Kim Take New York*. The top performing properties on **Zee Studio** were *Goal*, *The Chronicles Of Narnia* and *Inspector Gadget*.

**Zing**, the network’s music and lifestyle channel, showcased popular properties like *Life & Times of a Star - Season 2* and *Spice 10*. **ETC**, the Bollywood trade channel, showcased

popular shows like *Bollywood Best Tellers - Vignettes, ETC 100 Cr Club - Plate* and *Radio Top 20 - Plates*.

The top properties showcased on **Zee Khana Khazana**, India's first 24 hour food channel, were *High On Food, Chef's Special* and *Menus of Maharashtra*. A key property launched in the quarter was *Kabhi Khana Tu Meri Galli*, a street food show showcasing the best of delicacies that the streets of Mumbai have to offer.

**Zee Marathi** delivered average weekly GRPs of 185 during the quarter recording a relative share of 28.3% with 5 shows in the top 50 shows. The top non-fiction shows in the quarter were *Maharashtrachi Lokdhara* and *Dabba Gul*. The channel launched three new shows, *Tu Tithe Me*, *Dabba Gul* and *Maharashtrachi Lokdhara*. The quarter also saw the telecast of *Fu Bai Fu* and *SaReGaMaPa 2012* grande finale.

#### Top fiction shows on Zee Marathi

Tu Tithe Me

Eka Lagnachi Dusri Goshta

Uncha Maza Zoka

**Zee Bangla** delivered an average of 342 GRPs in the quarter ranking a clear second in the Bangla GEC genre recording a relative share of 31.4%. Zee Bangla was the No.1 channel in Non Fiction and in the Digital C&S4+ market during the quarter. *Didi No.1 - Season 3, Mirakkel Awesomesala & Dadagiri Unlimited III* were the top non-fiction shows. The key properties launched in the quarter were the latest season of *Didi No. 1, Sati* and *Bangla Sera Paribar*. The quarter also saw the telecast of *Zee Bangla Gaurav 2012*, a mega award show based on cinema, literature, drama & music.

#### Top fiction shows on Zee Bangla

Rashi

Keya Patar Nouko

Saat Paake Bandha

**Zee Telugu** averaged 329 GRPs during the quarter recording a relative channel share of 19.5%. *Chinna Kodalu, Muddubidda* and *Kalavari Kodallu* were the top fiction shows on the channel during the quarter. *Luckku Kickku* and *Chittam Chittam Prayachittam* were the two top rated non-fiction shows. The channel launched two new shows *Punarvivaham* and *Nene No.1* in the quarter. Another highlight of the quarter was the telecast of a special event *Okariki Okaru, an event featuring couples competing in various categories*, which garnered good ratings.

**Zee Kannada** averaged 217 GRPs during the quarter recording a relative share of 17.4%, driven by popular shows like *Radha Kalayana, Parvathi Parameshwara, Panduranga Vittala* and *Oggrane Dabbi*. This quarter saw the launch of *Rajkumari, Reel Star Real Kathe* and *Halu Jenu Nanu Neenu*. **Zee Tamil** averaged 84 GRPs during the quarter, driven by popular shows like *Chinna Marumagal, Solluvathellam Unmai, Luckka Kickka* and *Aahaa Enna Porutham*.

The key properties on our **Sports channels** bouquet during the quarter included telecast of *Pakistan Vs Sri Lanka series*, *West Indies Vs Australia series* and *UEFA Champions League Finals*. WWE continues to be a strong property attracting audiences as well as advertisers. The forthcoming quarter would see the telecast of cricketing events like *India vs Sri Lanka series*, *Pakistan vs Australia series*, *UEFA Champions League*, *UEFA Europa League* and *US Open*. The sports business revenues in the first quarter of FY2013 were Rs 992 million, while costs incurred in this quarter were Rs 1,202 million.

ZEE's **International operations** contribute a significant part of the Company's revenues. During the quarter, the Company undertook a number of initiatives to further strengthen its dominance. In America, Zee TV continues to be Number 1 South Asian channel with Zee TV HD feed introduced in this quarter. In Europe, a new agreement was signed with Your TV for a pan European IPTV service. In Africa, Zee TV became the first ethnic channel to be monitored by TAM in South Africa and was positioned within Top 50 channels out of the 120 rated channel list. In MENAP, Zee Cinema was the Number 1 movie channel in UAE among All South Asians.

## CONDENSED STATEMENT OF OPERATIONS

The table below presents the condensed statement of operations for ZEE and its subsidiaries for the first quarter of FY2013 versus FY2012.

(Rs million)	First Quarter		% Growth
	FY2013 (Unaudited)	FY2012 (Unaudited)	YoY
<b>Operating Revenues</b>	<b>8,430</b>	<b>6,982</b>	<b>21%</b>
Expenditure	6,097	5,423	12%
<b>Operating profit (EBITDA)</b>	<b>2,332</b>	<b>1,559</b>	<b>50%</b>
Add: Other Income	301	237	27%
Less: Depreciation	99	89	11%
Less: Finance Cost	18	12	54%
<b>PBT before exceptional items</b>	<b>2,517</b>	<b>1,696</b>	<b>48%</b>
Less: Tax Expense	947	394	140%
Less: Short Provision for tax Earlier Years	-	-	-
<b>Profit After Tax for the Period</b>	<b>1,570</b>	<b>1,302</b>	<b>21%</b>
Add: Exceptional Item	-	-	-
<b>Profit After Tax after Exceptional Items</b>	<b>1,570</b>	<b>1,302</b>	<b>21%</b>
Add: Share of Profit / (Loss) of Associates	-	-	-
Less: Minority Interest	(12)	(35)	-

Numbers may not add up due to rounding

**NOTE:** Previous period figures have been regrouped wherever necessary

Consolidated operating revenues for the first quarter of FY2013 stood at Rs 8,430 million, recording a growth of 21% as compared to the corresponding quarter last fiscal. Operating profit (EBITDA) for the quarter ended June 30, 2012 was Rs 2,322 million, recording a growth of 50% on a y-o-y basis. EBITDA margin for the quarter stood at 27.7%. Profit after Tax (PAT) for the quarter ended June 30, 2012 was Rs 1,570 million, resulting into a healthy PAT margin of 18.7%.

## REVENUE STREAMS

ZEE's revenues are generated primarily from advertising sales and subscription revenues. The following table sets forth the percentage of revenues that each type contributes to consolidated revenues in the first quarter of FY2013 and FY2012.

(Rs million)	First Quarter		% of total revenues		% Growth
	FY2013	FY2012	FY2013	FY2012	
Advertising revenue	4,472	3,787	53%	54%	18%
Subscription revenue	3,641	3,051	43%	44%	19%
Other sales and services	317	143	4%	2%	121%
<b>Total Revenues</b>	<b>8,430</b>	<b>6,982</b>	<b>100%</b>	<b>100%</b>	<b>21%</b>

*Numbers may not add up due to rounding*

**NOTE:** Previous period figures have been regrouped wherever necessary

ZEE's advertising revenues during the quarter were Rs 4,472 million, showing an increase of 18% y-o-y. This handsome growth in advertising revenues is primarily due to the increase in market shares of many of our channels. Nonetheless, the advertising environment stays tough.

Total subscription revenues for the quarter were Rs 3,641 million, registering a growth of 19% over the corresponding quarter last fiscal. During the current quarter, domestic subscription revenues stood at Rs 2,505 million, while international subscription revenues were Rs 1,137 million. Domestic subscription revenues have shown an increase of 20.7% over the corresponding period last fiscal. Subscription revenues for the quarter from international operations are up by 16.5% y-o-y.

Other sales and services include syndication sales, play out & transmission services, facility usage income among others. During the quarter, other sales and services stood at Rs 317 million. The company had recorded revenue of Rs 143 million under this head during the corresponding period last fiscal.

## EXPENDITURE

ZEE's main expenses include cost of goods and operations, employee cost, and administrative and selling expenses. The following table sets forth the percentage of costs that each type contributes to consolidated expenses for the first quarter of FY2013 as compared to the corresponding period last year.

(Rs million)	First Quarter		% of total expenses		% Growth
	FY2013	FY2012	FY2013	FY2012	YoY
Programming & operating cost	3,757	3,423	62%	63%	10%
Employee cost	888	747	15%	14%	19%
Selling & other expenses	1,453	1,253	24%	23%	16%
<b>Total Expenses</b>	<b>6,097</b>	<b>5,423</b>	<b>100%</b>	<b>100%</b>	<b>12%</b>

*Numbers may not add up due to rounding*

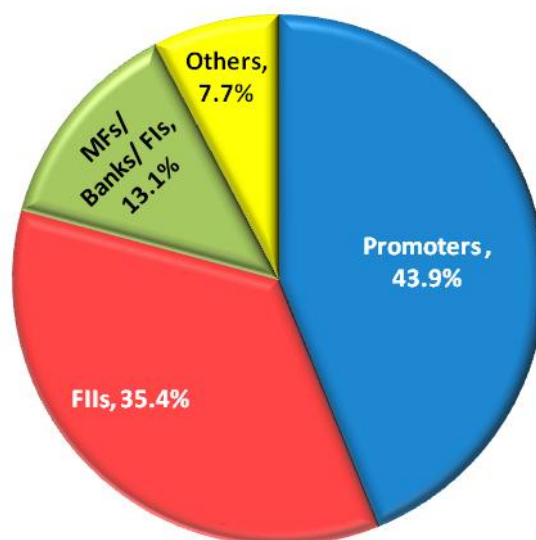
**NOTE:** Previous period figures have been regrouped wherever necessary

Overall, programming & operating cost in the quarter was Rs 3,757 million as compared to Rs 3,423 million in the corresponding period last fiscal, an increase of 10%. Employee cost has gone up by 19% over the corresponding period last fiscal. Selling & other expenses in the quarter were at Rs 1,453 million, as compared to Rs 1,253 million in the corresponding period last fiscal, registering an increase of 16%. Total costs incurred by the Company in this quarter were Rs 6,097 million, an increase of 12% over the corresponding period last fiscal.

During the quarter, the Company's operating profit (EBITDA) was Rs 2,332 million as compared to Rs 1,559 million for the corresponding quarter last fiscal, registering a growth of 50%. The operating (EBITDA) margin for the quarter stood at 27.7%. Excluding sports business, the EBITDA margin stood at a healthy 34.2%. Profit after tax (PAT) for the quarter stood at Rs 1,570 million, a growth of 21% over the corresponding fiscal last year.

## SHAREHOLDING PATTERN

The total shares outstanding of the Company as of June 30, 2012 are 953,957,720. The shareholding pattern as of June 30, 2012 is given below:



*Figure: Shareholding pattern as on June 30, 2012*

Buy-back of the Company's equity shares through the open market route commenced on April 23, 2012. As of June 30, 2012, the total number of equity shares bought back was 4,812,357 at an average price of Rs 123.34 per share. Also, the total number of equity shares extinguished till June 30 was 4,812,357 by execution of Debit Corporate Action(s) by the Company. As a result, the paid-up share capital of the Company as at June 30, 2012 stands reduced to 953,957,720 equity shares of Re. 1 each. Post June 30, the Company has not bought back any shares.



**Note: This earnings release contains consolidated results that are unaudited, and prepared as per Indian Generally Accepted Accounting Principles (GAAP).**

## CHANNEL PORTFOLIO



168 COUNTRIES

30 CHANNELS

23 INTERNATIONAL BEAMS

650 MILLION+ VIEWERS

100,000+ HOURS OF PROGRAMMING

## 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 ("ZEE")

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 100,000 hours of television content. With rights to more than 3,000 movie titles from foremost studios and of iconic film stars, ZEE houses the world's largest Hindi film library. Through its strong presence worldwide, ZEE entertains over 650 million viewers across 168 countries. ZEE has been selected Business Superbrands 2010-11, Industry Validated.

Pioneer of television entertainment industry in India, ZEE's well known brands include Zee TV, Zee Cinema, Zee Premier, Zee Action, Zee Classic, Zee Smile, 9X, Ten Sports, Ten Cricket, Ten Action+, Ten Golf, Zee Cafe, Zee Studio, Zee Trendz, Zee Jagran, Zee Salaam, Zing, ETC Music and Zee Khana Khazana. The company also has a strong offering in the regional language domain with channels such as Zee Marathi, Zee Talkies, Zee Bangla, Zee Telugu, Zee Kannada, Zee Tamizh and ETC Punjabi. The company's recently launched HD offerings include Zee TV HD, Zee Cinema HD, Zee Studio HD and Ten 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, multiplexes, amusement parks and print media amongst others. More information about ZEE and its businesses is available on [www.zeetelevision.com](http://www.zeetelevision.com).

