



Strong Operating Performance Continues in Q1FY18

Domestic Advertising Revenue of Rs. 8,688 mn, Up 6.9% YoY on comparable basis

Domestic Subscription Revenue of Rs. 3,788 mn, Up 14.5% YoY on comparable basis

EBITDA at Rs. 4,844 mn, EBITDA Margin of 31.4%

Profit after Tax of Rs. 2,516 mn, PAT Margin of 16.3%

Q1FY18 HIGHLIGHTS

- ❖ The acquisition of Reliance Broadcast Network Ltd (RBNL) which includes two channels – BIG Magic and BIG Ganga, has been completed. Its financial performance has been consolidated in the Company's Q1FY18 results.
- ❖ Advertising revenue for the quarter was Rs. 9,665 million. Adjusted for the sale of sports business and consolidation of RBNL, domestic advertising revenue grew by 6.9% to Rs. 8,688 million while international advertising revenue was Rs. 578 million.
- ❖ Subscription revenue for the quarter was Rs. 4,791 million. Adjusted for the sale of sports business, domestic subscription revenue grew by 14.5% to Rs. 3,788 million while international subscription revenue stood at Rs. 1,000 million.
- ❖ Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter stood at Rs. 4,844 million, registering a growth of 6.9% over Q1FY17. EBITDA margin stood at 31.4%.
- ❖ Profit After Tax (PAT) for the quarter grew by 16.0% over Q1FY17 to Rs. 2,516 million. PAT margin was at 16.3%.

Zee Entertainment Enterprises Limited

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Mumbai, July 24, 2017: 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 June 30, 2017.

ZEEL reported consolidated revenue of Rs. 15,403 million for the first quarter of fiscal 2018. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs. 4,844 million. PAT for the quarter was Rs. 2,516 million. EBITDA margin for the quarter stood at 31.4%.

Dr. Subhash Chandra, Chairman, ZEEL, commented, "Implementation of Goods and Services Tax (GST) is a big step towards formalization of the Indian economy. This will help plug leakages in the system and the long-term benefits from this initiative will further drive the growth rate of the Indian economy. Strong economic growth and increasing share of formal sector bodes well for ad spends growth."

Mr. Punit Goenka, Managing Director & Chief Executive Officer, ZEEL, commented, "It was yet another satisfying quarter with a strong financial and operating performance. During the quarter, we recovered from the impact of demonetization and the growth in the first two months was strong. However, the momentum was disrupted in June in the run-up to GST implementation. The advertisers reduced ad spends on existing brands and launched fewer products as distribution chain was not fully prepared for seamless transition to the new regime. Despite the challenge, our domestic ad revenue grew by 7%. Notwithstanding the short-term impact, we believe that GST will aid the advertising spends in the long-run.

Our domestic subscription revenue, adjusted for the sale of sports business, grew by 14.5%. While there is still uncertainty regarding the implementation of the new tariff regulation due to pending litigations, we are confident of driving the subscription business on the back of the strong competitive positions of our channels in the key genres.

We have also acquired the balance 49% stake in India Webportal (IWPL), which is the third ranked online content publisher in the country. It operates a suite of websites focusing on different genres including news, sports and entertainment. Being one of the fastest growing digital networks, it gives us an opportunity to reach and understand digital consumers through its various offerings. The acquisition is part of our strategy to strengthen the digital presence."

BUSINESS PERFORMANCE

Broadcast Business

In Q1FY18, ZEEL network's viewership share (including RBNL's channels) was 16.9%. The pay Hindi GEC bouquet improved its market share and the regional portfolio continued to perform well.

Zee TV improved its market share during the quarter and was the second ranked pay Hindi GEC. Our two Hindi GECs, **Zee TV** and **&tv**, had a combined share of 22.7% amongst the top 7 channels in the pay Hindi GEC genre. Our Hindi GEC Free-to-Air (FTA) channels, **Zee Anmol** and **BIG Magic**, continued to perform strongly.

In the pay **Hindi movie** genre, we continue to retain leadership position through our four channels.

Regional entertainment portfolio once again exhibited a strong performance. **Zee Marathi** maintained its market share at the No.1 position in the Maharashtra & Goa market. **Zee Bangla** was the second most watched channel in West Bengal. In Telugu market, **Zee Telugu** was the second ranked channel. **Zee Kannada** improved its viewership share as the second ranked channel in Karnataka. **Zee Tamil** was the third ranked channel in the Tamil market. **Sarthak TV** continues to dominate the Odiya market. **BIG Ganga**, the Bhojpuri channel was the leader in its market.

Zee Café was the most watched English entertainment channel and **Zee Studio** premiered some of the best movies from around the world.

International Business

During the quarter, ZEEL's International business revenue (excluding sports business) was Rs. 1,947 million. The advertising and subscription revenues were lower by 12.6% and 0.6%, respectively. The adverse impact of currency appreciation and region-specific issues have contributed to the decline in revenues.

For the quarter ended June 30, 2017, international business financials (excluding sports) are:

- Advertisement Revenue of Rs. 578 mn
- Subscription Revenue of Rs. 1,000 mn
- Other Sales and Services of Rs. 369 mn
- Total Revenue of Rs. 1,947 mn

Other Businesses

Zee Studios, our movie production division, released two regional movies during the quarter – *Chi. Va Chi. Sau. Ka.* (Marathi) and *Saab Bahadar* (Punjabi). Both the movies were received well by the audience.

Zee Music Company, our music label, continued with its library expansion with acquisition of rights of both Bollywood as well as regional music. In Q1, our music label registered ~2.4 billion views on YouTube.

OZEE continued to see improved performance metrics with an average of 65 mn+ video views per month during the quarter. **DittoTV's** tie-up with major telecom operators improved traction on the platform.

CONDENSED STATEMENT OF OPERATIONS

Consolidated operating revenue for the first quarter of FY18 stood at Rs. 15,403 million, recording a decline of 2.0% on YoY basis. EBITDA for the quarter ended June 30, 2017 was Rs. 4,844 million translating into EBITDA margin of 31.4%. Profit After Tax (PAT) for the quarter was Rs. 2,516 million. The following table presents the consolidated financial statement of ZEEL and its subsidiaries for the first quarter of FY18 versus FY17:

(Rs. million)	Q1FY18	Q1FY17	Growth
Operating Revenue	15,403	15,716	-2.0%
Expenditure	10,559	11,185	-5.6%
EBITDA	4,844	4,532	6.9%
Add: Other Income	1,011	734	37.7%
Less: Depreciation	311	251	23.8%
Less: Finance Cost	147	75	96.0%
Less: Fair Value Through P&L	532	1,132	
Profit Before Tax (PBT)	4,864	3,807	27.8%
Less: Tax Expense	2,344	1,626	44.2%
Add: Share of Profit/ (Loss) of Associates	(6)	(11)	
Less: Minority Interest	(1)	1	
Profit After Tax (PAT)	2,516	2,170	16.0%

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, 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)	Q1FY18	Q1FY17	Growth
Advertising revenue	9,665	9,120	6.0%
Subscription revenue	4,791	5,282	-9.3%
Other sales and services	947	1,315	-28.0%
Total Revenue	15,403	15,716	-2.0%

Refer Notes A and B above

Sports Business Financials

<i>(Rs. million)</i>	Q1FY18	Q1FY17
Total Revenue	201	1,700
Advertising Revenue	198	332
Subscription Revenue	3	967
Other Sales & Services	-	401

ZEEL has completed phase I of sale of sports business and is working towards the closure of phase II of the transaction. Sports business revenues in Q1FY18 relate to properties in international territories which are part of phase II of the transaction. As part of the arrangement, the economic risk and reward of these properties lies with Sony Pictures. Accordingly, the revenue earned by these properties is passed on to Sony Pictures and is included in costs for the quarter. There is no impact of sports business on the Company's profits.

Advertising revenue

ZEEL's consolidated advertising revenue in Q1FY18 grew by 6.0% on YoY basis to Rs. 9,665 million. Domestic advertising grew by 6.9% YoY on a comparable basis (excluding sports and RBNL) to Rs. 8,688 million. The domestic advertising growth recovered from the impact of demonetization in the first half of the quarter but the progress was halted in the month of June due to pull-back by advertisers because of GST implementation. Advertising revenue of our international business was impacted due to currency appreciation and continuation of some region-specific issues.

Subscription revenue

Domestic and international subscription revenues for the quarter declined by 9.3% YoY and 9.1% YoY respectively, on account of sale of sports business. On a like to like basis, the domestic subscription revenue grew by 14.5% and the international subscription revenue declined by 0.6%.

EXPENDITURE

ZEEL's total expenditure in Q1FY18 stood at Rs. 10,559 million, lower by 5.6% compared to Q1FY17. The following table gives the break-down of costs.

<i>(Rs million)</i>	Q1FY18	Q1FY17	Growth
Operating cost	5,863	6,575	-10.8%
Employee cost	1,669	1,499	11.3%
Advertisement & Publicity expense	1,241	1,197	3.7%
Other Expenses	1,786	1,913	-6.7%
Total Expense	10,559	11,185	-5.6%

Refer Notes A and B above

Total cost in Q1FY18 was lower on YoY basis due to 11% reduction in programming cost primarily due to absence of sports related programming costs. Additionally, savings in placement expense also led to a drop in the overall cost.

CORPORATE DEVELOPMENTS

During Q1 FY18

- ❖ As per the approval granted by the Board earlier, the Company acquired (a) 80% equity stake in Margo Networks Pvt Ltd, a technology start-up at consideration of Rs. 750 Million; and (b) 12.50% equity stake (on fully diluted basis) in a technology start-up Tagos Design Innovations Pvt Ltd at consideration of Rs. 162 Million.
- ❖ ATL Media Limited, Mauritius, a wholly owned overseas subsidiary of the Company declared and remitted equity dividend of Rs. 3,325 Million to the Company.

Events post June 30, 2017

- ❖ As per the approval granted by the Board earlier, the Company acquired balance 51% equity stake in Fly-by-Wire International Pvt Ltd (FBW) and balance 49% equity stake in India Webportal Pvt Ltd. (IWPL), consequently FBW and IWP became wholly owned subsidiary of the Company with effect from July 14, 2017 and July 22, 2017 respectively.
- ❖ The Composite Scheme of Arrangement for demerger of General Entertainment Business Undertaking of Reliance Big Broadcasting Pvt Ltd, Big Magic Ltd and Azalia Broadcast Pvt Ltd vesting with the Company with effect from Appointed Date of close of business on March 31, 2017, was approved by the Mumbai bench of Hon'ble National Company Law Tribunal at the hearing held on July 13, 2017 and upon filing of certified copy of the Order of NCLT with the Registrar of Companies, Mumbai, the said Composite Scheme of Arrangement became effective on and from July 21, 2017. Accordingly, as per the terms of the Scheme, the Board of Directors of the Company at the meeting held today i.e. on July 24, 2017, approved allotment of 3,949,105 - 6% Unlisted Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10 each to the Equity & Preference Shareholders of the Demerged entities.
- ❖ At the meeting held today i.e. on July 24, 2017, the Board of Directors have approved a Composite Scheme of Arrangement and Amalgamation between the Company and certain domestic wholly-owned subsidiaries inter alia for (a) Demerger of Digital Media and Entertainment Business undertaking from Zee Digital Convergence Limited, vesting with the Company; (b) Demerger of Advertisement Sales Media Business undertaking from Zee Unimedia Limited, vesting with the Company; (c) Demerger of Online Media Business undertaking from India Webportal Private Limited, vesting with the Company; and (d) Amalgamation of Sarthak Entertainment Private Limited with the Company, with effect from Appointed Date of April 1, 2017. Since the corporate restructuring involves the

Company and its wholly owned subsidiaries, the Scheme does not provide for any consideration for the demerger/merger proposed in the Scheme.

- ❖ The Audit Committee of the Board of Directors of the Company at the meeting held on today i.e. on July 24, 2017, has approved appointment of Mr. Bharat Kedia as Chief Financial Officer of the Company with effect from August 1, 2017, in place of Mr. Mihir Modi, who will be moving to a new role in the Company.

SHAREHOLDING PATTERN

The total outstanding shares of the Company as of June 30, 2017 were 960,448,720. The shareholding pattern as of June 30, 2017 is given below:

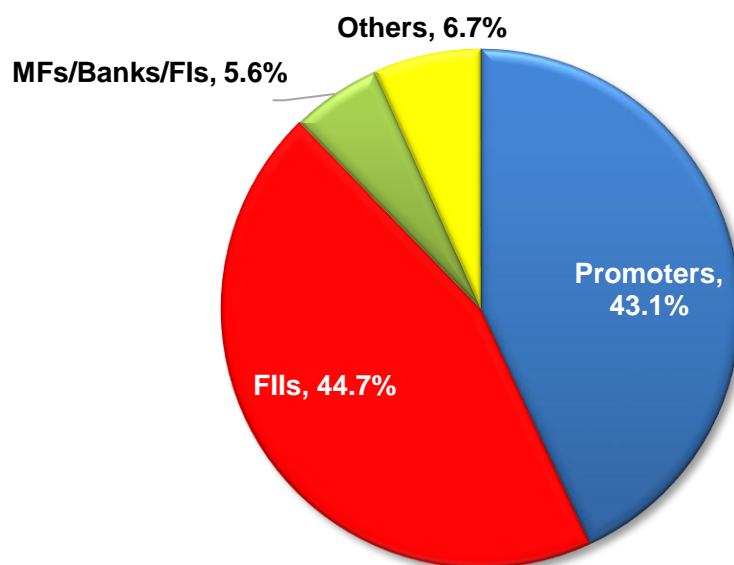


Figure: Shareholding pattern as on June 30, 2017



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, &pictures, Zee Action, Zee Classic, Zee Anmol Cinema, Zee Cafe, Zee Studio, Zee Salaam, 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 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 and Zee Café 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.