



Extraordinary Together

Strong start to fiscal 2019

Domestic advertising revenue grew by 22.3% to Rs. 10,870 mn in Q1FY19

Domestic subscription revenue grew by 12.3% to Rs. 4,252 mn in Q1FY19

EBITDA for Q1FY19 at Rs. 5,657 mn, EBITDA Margin of 31.9%

PAT for Q1FY19 at Rs. 3,264 mn, up by 31.4% YoY

Digital initiatives have started yielding results

Q1FY19 HIGHLIGHTS

- ❖ Advertising revenue for the quarter was Rs. 11,460 million, recording a growth of 18.6% YoY. Domestic advertising revenue grew by 22.3% YoY to 10,870 million. International advertising revenue for the quarter was Rs. 590 million.
- ❖ Subscription revenue for the quarter was Rs. 5,186 million. Domestic subscription revenue grew by 12.3% YoY to Rs. 4,252 million. International subscription revenue was Rs. 934 million.
- ❖ EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter stood at Rs. 5,657 million and EBITDA margin stood at 31.9%.
- ❖ ZEEL was the #1 television entertainment network with an all-India viewership share of 19.2%.
- ❖ ZEE5 witnessed growth across viewership metrics and is amongst the top-5 digital entertainment platforms in the country.
- ❖ Zee Studios released 3 movies - *Beyond the Clouds* (Hindi), *Parmanu* (Hindi) and *Nude* (Marathi).



Extraordinary Together

Mumbai, July 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 June 30, 2018.

For the first quarter of fiscal 2019, ZEEL reported consolidated revenue of Rs. 17,720 million. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs. 5,657 million with an EBITDA margin of 31.9%. PAT for the quarter was Rs. 3,264 million.

Mr. Subhash Chandra, Chairman, ZEEL, commented, "The year has commenced on a positive note, for both the company as well as the economy. Government initiatives to aid the farming sector, coupled with the normal monsoon for the third successive year is encouraging for the rural economic growth. The growth in consumption, now being driven by rural as well, bodes well for advertising spends. In addition, increasing availability and adoption of digital medium, across different sectors, will have a positive effect on the country's growth trajectory."

Mr. Punit Goenka, Managing Director & CEO, ZEEL, commented, "We are happy with the all-round performance of our portfolio during the first quarter of this fiscal. Our domestic advertising growth of 22% was driven by higher ad spends across categories and increase in our network viewership share. Based on our discussions with the advertisers and the visibility on ad campaigns, we believe that the ad growth for the industry could be higher than the initial estimates for this financial year.

On the subscription front, TRAI has notified that the new tariff order will come into effect starting January 2019. We have started discussions with our distribution partners for seamless transition to the new regime. If implemented as envisaged, the regulation would be beneficial for all the stakeholders and could be a catalyst for ARPU growth. Even under the new regime we will be able to grow our subscription revenue at a healthy pace.

ZEE5, our digital OTT offering, is already amongst the top-5 digital entertainment platforms in India. We are confident that the pace of subscriber addition will further accelerate with the roll-out of original content and exclusive movie premieres. We are on track to be the largest producer of digital content in the country and are committed to make ZEE5 the #1 entertainment destination for digital consumers.

Our domestic broadcast portfolio further increased its market share and continues to be the leading television entertainment network in the country. The increase in viewership share is across the markets with strong traction particularly in our regional channels. We believe that there is still room for monetizing the increase in market share, which will allow us to grow ahead of the market."



Extraordinary Together

BUSINESS PERFORMANCE

Domestic Broadcast Business

ZEEL continued to improve its viewership share as the #1 network in the non-sports entertainment segment. In the first quarter of FY19, ZEEL had an all-India viewership share of 19.2%. The increase in viewership was driven by the improved performance in several regional language markets while the network maintained its leadership in the pay and FTA Hindi GEC segment.

Zee TV maintained its leadership position in the pay Hindi GEC segment. The channel is the leader in the core prime time viewership band. In the Hindi FTA segment, **Zee Anmol** was the leader and **Big Magic** continued to perform strongly. The **Hindi Cinema** cluster maintained its leadership position in the pay **Hindi movie** genre.

ZEEL's **Regional entertainment** portfolio delivered strong performance across markets during the quarter. **Zee Marathi** garnered a higher viewership share and continues to be the leader in the market. In West Bengal, **Zee Bangla** gained significant traction and became the leading channel in the urban market. **Zee Telugu** increased its share and was the second ranked channel in the Andhra Pradesh and Telangana market. **Zee Kannada** continued to be the second ranked channel in Karnataka. **Zee Tamil** further improved its market share and was the third ranked channel in the market. **Zee Sarthak** continued to maintain its strong leadership position in the Oriya market and **Big Ganga** sustained its strong viewership in the Bhojpuri market.

Our English movie channel, Zee Studio was renamed as **&flix** during the quarter. With a total of 400+ movies in library and 52 premiers, it will give a larger-than-life experience to the audience. **Zee Café**, with its strong line-up of English shows, continues to be an audience favourite for English entertainment. **&privé HD**, the premium destination for English movies, continues to entertain consumers with its rich catalogue of movies.

International Business

During the quarter, ZEEL's International business revenue was Rs. 1,951 million. The advertising revenue grew by 2.1% on a comparable basis (In Q1FY18, Rs. 198 mn of advertising revenue pertaining to sports business was part of International ad revenue) while the subscription revenue declined by 6.6%. Break-down of international business revenues for the first quarter is as below:

- Advertisement Revenue of Rs. 590 mn
- Subscription Revenue of Rs. 934 mn
- Other Sales and Services of Rs. 427 mn



Extraordinary Together

Digital Business

ZEE5, since launch in mid-February, has been gaining significant traction and witnessing growth across viewership metrics of MAUs, video views and engagement levels. It is already amongst the top 5 entertainment platforms in the country. We are confident that the pace of subscriber addition will further accelerate driven by the strong line-up of original content.

We have already released 14 *ZEE5 Originals* across six languages and have 20 more originals lined up for release in Q2. We are on track to be the largest digital original content producer in the country and have plans to launch one tentpole property every quarter. *Karenjit Kaur*, our first tentpole property was released yesterday and its trailer registered more than 25 mn video views on YouTube in a week's time. Along with the strong slate of original content, ZEE5 will premiere 150 exclusive movies across languages over the next twelve months. Another big draw for the viewers is the premium content from countries like South Korea, Turkey, Spain, France etc, dubbed in multiple Indian languages. Our expansive movie library, live television, catch up content, kids and lifestyle shows make it a wholesome bouquet of entertainment for every segment of audience. Our investments in Margo Networks and Tagos Design are an integral part of our digital strategy which will help us increase engagement with the audience. This, along with our strong content catalogue will make ZEE5 the #1 entertainment destination for digital consumers.

Movies & Music Business

Zee Studios, our movie production division, released three movies during the quarter – Parmanu (Hindi), Beyond the Clouds (Hindi) and Nude (Marathi). While Parmanu was well received at the box office, Nude won critical praise and was selected for screening at several international film festivals.

Zee Music Company, our music label, continued with its library expansion of both Bollywood as well as regional music. Further improving its performance, the music label registered ~4.1 billion views on YouTube in Q1. Zee Music Company is the second most subscribed Indian music channel on YouTube with over 19 million subscribers.



Extraordinary Together

CONDENSED STATEMENT OF OPERATIONS

Consolidated operating revenue for the first quarter of FY19 stood at Rs. 17,720 million, recording a growth of 15.0% on YoY basis. EBITDA for the quarter ended June 30, 2018 was Rs. 5,657 million, translating into EBITDA margin of 31.9%. Profit After Tax (PAT) for the quarter was Rs. 3,264 million.

The following table presents the consolidated financial statement of ZEEL and its subsidiaries for the first quarter of FY19:

<i>(Rs. million)</i>	Q1FY19	Q1FY18	Growth
Operating Revenue	17,720	15,403	15.0%
Expenditure	12,064	10,559	14.3%
EBITDA	5,657	4,844	16.8%
Add: Other Income	498	1,011	-50.8%
Less: Depreciation	576	311	85.4%
Less: Finance Cost	53	147	-64.0%
Less: Fair Value Through P&L	213	532	
PBT before exceptional items	5,312	4,864	9.2%
Add: Exceptional Items	-	-	
PBT after exceptional items	5,274	4,864	
Less: Tax Expense	2,071	2,376	-12.9%
Add: Share of Profit of Associates	18	(6)	
Less: Minority Interest	(5)	(1)	
Profit After Tax (PAT)	3,264	2,484	31.4%

NOTES

A: Previous period figures have been regrouped wherever necessary.

B: Numbers may not add up due to rounding



Extraordinary Together

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.

<i>(Rs. million)</i>	Q1FY19	Q1FY18	Growth
Advertising revenue	11,460	9,665	18.6%
Subscription revenue	5,186	4,791	8.3%
Other sales and services	1,074	947	13.4%
Total Revenue	17,720	15,403	15.0%

Refer Notes A and B above

Advertising revenue

During the quarter, ZEEL's consolidated advertising revenue grew by 18.6% YoY to Rs. 11,460 million. Domestic advertising revenue growth at 22.3% continued to be strong driven by demand across categories and partly aided by lower growth in the base quarter. While ad spends by consumer goods companies are increasing as their traction in rural markets improve, the growth in other categories also continues to be strong. The advertising revenue growth is underpinned by the continuous increase in our network market share over the last few quarters.

Subscription revenue

Domestic subscription revenue for the quarter increased by 12.3% YoY whereas international subscription revenue declined by 6.6% YoY. As per the TRAI notification on 3rd July, the new tariff order will come into effect 180 days from the date of notification. We have already started discussions with our distribution partners for seamless transition to the new regime. We believe that the regulation could be beneficial for all the stakeholders in the value chain and improve the overall customer experience. Our medium-term outlook of domestic subscription growth remains unchanged.



Extraordinary Together

EXPENDITURE

ZEEL's total expenditure in Q1FY19 stood at Rs. 12,064 million, higher by 14.3% YoY compared to Q1FY18. The following table gives the break-down of costs.

<i>(Rs million)</i>	Q1FY19	Q1FY18	Growth
Operating cost	6,683	5,863	14.0%
Employee cost	1,714	1,669	2.7%
A&P Expense	1,402	1,241	13.0%
Other Expenses	2,265	1,786	26.9%
Total Expense	12,064	10,559	14.3%

Refer Notes A and B above

Programming cost for the quarter at Rs 6,683 million increased by 14.0% YoY. This increase is driven by higher original programming hours across the network, higher movie amortization costs and content cost for ZEE5. Advertising, publicity and other expenses for the quarter grew 21.2% YoY to Rs 3,667 million.



Extraordinary Together

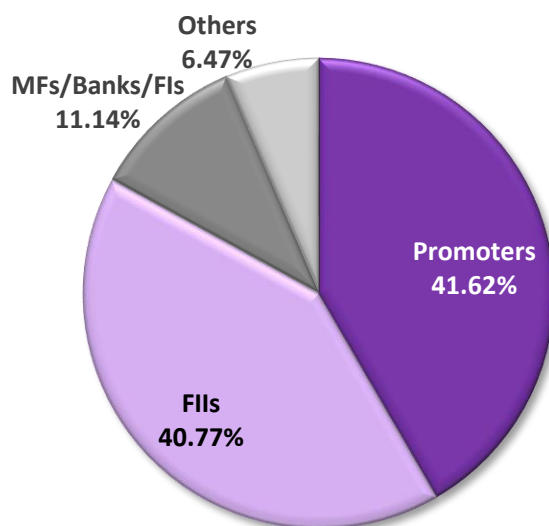
CORPORATE DEVELOPMENTS

During the quarter under review:

- The Company had on April 14, 2018 declared and paid Preference Dividend of Re. 0.48 per Share for FY 2017-18 on the Bonus Preference Shares of face value of Rs. 8 each.
- The Company had on April 10, 2018, issued and allotted 9,450 Equity Shares upon exercise of the Stock Options granted under ESOP Scheme, resulting in the increase in the Paid-up Equity Share Capital of the Company to 960,463,070 equity shares of Re 1/- each.

SHAREHOLDING PATTERN

The total outstanding shares of the Company as of June 30, 2018 were 960,463,070. The shareholding pattern as of June 30, 2018 is given below:



Shareholding pattern as on June 30, 2018





Extraordinary Together

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, &flix, 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, &flix HD, Zee Café HD and &privé HD. ZEE5, ZEEL's OTT platform has 100,000+ hours of catch-up content and 90+ live TV channels. The company has a strong presence in the movies and music space through Zee Studios and Zee Music Company respectively.

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.