



Extraordinary Together

Strong performance in a challenging environment

46.7% YoY growth in Q1FY20 domestic subscription revenue

4.2% YoY growth in Q1FY20 domestic advertising revenue

16.6% YoY growth in Q1FY20 EBITDA to Rs. 6,598 mn, EBITDA Margin of 32.9%

Profit after tax grew by 62.6% YoY to Rs5,306 mn

ZEEL maintains its position as India's #1 non-sports entertainment network

ZEE5 global MAUs and DAUs stood at 76.4 mn and 6.6 mn, respectively, in Jun'19

Q1FY20 HIGHLIGHTS

- ❖ Total revenue for the quarter was Rs. 20,081 million, growth of 13.3% YoY. The growth was driven by the strong performance of domestic broadcast and digital businesses.
- ❖ Advertising revenue for the quarter was Rs. 11,867 million, growth of 3.6% YoY. Domestic advertising revenue grew by 4.2% YoY to Rs. 11,322 million. International advertising revenue for the quarter was Rs. 545 million.
- ❖ Subscription revenue for the quarter was Rs. 7,088 million, growth of 36.7% YoY. Domestic subscription revenue grew by 46.7% YoY to Rs. 6,240 million. International subscription revenue was Rs. 848 million.
- ❖ EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter grew by 16.6% to Rs. 6,598 million and EBITDA margin stood at 32.9%.
- ❖ ZEE5 global MAUs and DAUs stood at 76.4 mn and 6.6 mn, respectively, in the month of June.
- ❖ ZEEL maintained its position as the #1 all-India television entertainment network.



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Mumbai, July 23, 2019: 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, 2019.

For the first quarter of FY20, ZEEL reported consolidated revenue of Rs. 20,081 million. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs. 6,598 million with an EBITDA margin of 32.9%. PAT for the quarter was Rs. 5,306 million.

Mr. Punit Goenka, Managing Director and CEO, ZEEL, commented, “We delivered another quarter of strong performance despite the operational challenges faced by the industry due to the implementation of TRAI tariff order. We have witnessed a strong uptake of our channels across markets which is reflected in the 47% growth of our domestic subscription revenues. It validates our standing as the #1 entertainment network of the country, built on the foundation of strong position in each of the markets we operate in. We are confident that the new tariff regime is going to be beneficial for all the stakeholders and will greatly improve the consumer experience.

Domestic advertising growth of 4.2% YoY is considerably lower than the growth in past quarters. This is primarily on account of the decision to convert our two leading FTA channels to pay, which significantly impacted the ad growth for the quarter. Additionally, the implementation of the new tariff order in the previous quarter negatively impacted reach and viewership of most entertainment channels, leading to a temporary shift in some of the ad spends from entertainment to sports. We believe that the underlying demand for advertising still remains strong and we are confident that spends would come back as the tariff order settles down and the festive season kicks in.

ZEE5 continues its strong run and is working towards achieving its aim of becoming India’s #1 digital entertainment platform. In the international markets, it has seen an encouraging response in the initial phase. I am confident that with its strong content line-up and partnerships with leading players in the digital eco-system, value proposition of the platform and engagement with the consumers will continue to improve.”

BUSINESS PERFORMANCE

Domestic Broadcast Business

During 1QFY20, ZEEL maintained its position as the #1 network in the non-sports entertainment segment with an all-India viewership share of 18.7%. The implementation of tariff order is impacting the reach and viewership of all the leading broadcast networks during the transition phase. Additionally, the viewership was also impacted due to the conversion of two leading FTA channels into pay channels. Despite these developments, ZEEL continues to strengthen its position in the pay-TV ecosystem.

Zee TV was the #2 channel in the pay Hindi GEC segment, led by leadership in the core weekday primetime viewership band. The channel’s viewership experienced temporary weakness during the



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movement to the new tariff regime but saw an improvement towards the end of the quarter. Our strong movie library helped further consolidate our #1 position in the pay **Hindi movie genre**.

Our regional portfolio continued to gain traction across markets during the quarter. We maintained leadership position in the **Marathi, Bangla** and **Kannada** markets. **Zee Tamil** continued to increase its market share on the back of strong performance of fiction shows. We are confident that with our consumer-centric approach and insight driven creative output, we will continue to build market share. **Zee Telugu** and **Zee Sarthak** were the #2 channels during the quarter. Our youngest regional channel, **Zee Keralam**, continued to gain share in the Malayalam market led by performance of the fiction shows. Our portfolio of regional movie channels – **Zee Talkies, Zee Bangla Cinema** and **Zee Cinemalu** continued to perform strongly.

Digital Business

With an expanding line-up of exclusive content and tie-ups with partners in the digital eco-system, ZEE5 continued to strengthen its position as the go-to platform for on-demand entertainment.

ZEE5 performance

- In June'19, ZEE5 had 76.4 mn monthly active users (MAU) globally
- The platform had a global daily active user (DAU) base of 6.6 mn in June'19
- ZEE5 users spent an average of 33 minutes per day on the platform
- ZEE5 was recognized amongst the top-5 'Impactful Debuts' in the ninth edition of the *Pitch Top 50 Brands Awards*

Strong line-up of Original Content

ZEE5 continues to expand its catalogue of digital exclusive content to cater to its diverse consumer base. During the quarter, ZEE5 launched 18 Original shows and movies, of which 7 were in regional languages. The platform is building its content library on the 3 Rs – Real, Relevant, and Resonant, and continues to experiment with new genres and concepts. Be it shows like *Kaafir* and *Bombers* (Hindi), *Water Bottle* (Bengali), *Thiravam* and *Postman* (Tamil) and movies like *Badnaam Gali* (Hindi), *Onek Diner Pore* (Bengali), ZEE5 aims to push the content boundaries across languages. Many of these shows and movies were critically acclaimed and helped ZEE5 grow its paid subscriber base. To enable access to a wider consumer base, every original content is dubbed in six languages along with English subtitles. With a growing catalogue of original content and premium movies, ZEE5 has established itself as the destination for consumers looking for differentiated content.



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Partnerships across the value chain

In its endeavor to reach a wider consumer base, ZEE5 is entering into partnerships with players across the digital eco-system. ZEE5 is already integrated with all the major telecom networks and connected devices, driving higher reach and engagement. During the quarter, ZEE5 entered into partnership with Hathway and ACT Fibernet to offer bundled package to consumers. To expand its footprint, ZEE5 has tied up with players in the online eco-system like Myntra, Qwikcilver, Netmeds and Gaana.com.

To improve the consumer experience, ZEE5 is collaborating with some of the leading OTT technology companies. ZEE5 announced a strategic partnership with Optimove to bolster the performance of the platform based on a suite of services backed by insight, engagement & optimisation. It also announced a collaboration with Applicaster, one of the leading global cloud platforms for media app development and management in the media space.

ZEE5's expanding presence in international markets

Following the launch in priority APAC markets, ZEE5 commenced marketing activities in the neighbouring countries to leverage its language and content affinity. After *#sharethelove* and *#dilsedesi* campaigns saw great traction, ZEE5's 'Extreme Emotion' campaign introduced ZEE5 to mainstream audiences who love Indian content. ZEE5 is entering into partnerships across the region with several distribution platforms. To tap into the existing demand for Indian content in several markets, it also soft-launched dubbed content in 5 international languages. The roll-out in APAC will be followed by MENA, Europe, Canada and Caribbean markets.

International Business

During the quarter, ZEEL's International business revenue was Rs. 1,603 million. The advertising and subscription revenues declined by 7.6% YoY and 9.2% YoY, respectively. Break-down of international business revenues for the first quarter is as below:

- Advertisement Revenue of Rs. 545 mn
- Subscription Revenue of Rs. 848 mn
- Other Sales and Services Revenue of Rs. 210 mn

Movies & Music Business

Zee Studios, our movie production and distribution business, produced a Marathi movie, *Rampaat*, and distributed two Hindi movies – *Article 15* and *Tashkent Files* in India. In addition, 5 films across 2 languages were distributed in the international territories during the quarter.



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Zee Music Company, our music label, continued with the library expansion of both Bollywood and regional music. The music label registered ~7.1 billion views on YouTube in Q1. Zee Music Company is the second most subscribed Indian music channel on YouTube with over 40 million subscribers.

Live Events

Zee Live launched *Supermoon*, starring one of the most popular international stand-up artists, Russell Peters. The event was held across Mumbai, Delhi and Bengaluru, and received good response from the audience. *Zee Educare*, a two-day education event was held in Delhi which saw participation from 40+ institutions.

CONDENSED STATEMENT OF OPERATIONS

Consolidated operating revenue for the first quarter of FY20 stood at Rs. 20,081 million, recording a growth of 13.3% on YoY basis. EBITDA for the quarter ended June 30, 2019 was Rs. 6,598 million, translating into EBITDA margin of 32.9%. Profit After Tax (PAT) for the quarter was Rs. 5,306 million.

The following table presents the consolidated financial statement of ZEEL and its subsidiaries for the first quarter of FY20:

<i>(Rs. million)</i>	Q1FY20	Q1FY19	Growth
Operating Revenue	20,081	17,720	13.3%
Expenditure	13,484	12,064	11.8%
EBITDA	6,598	5,657	16.6%
Add: Other Income	1,039	498	108.9%
Less: Depreciation	690	576	19.7%
Less: Finance Cost	205	53	
Less: Fair Value Through P&L	(679)	213	
PBT before exceptional items	7,420	5,312	39.7%
Less: Tax Expense	2,146	2,071	3.6%
Add: Share of Profit of Associates	23	18	
Less: Minority Interest	(8)	(5)	
Profit After Tax (PAT)	5,306	3,264	62.6%

NOTES

A: Previous period figures have been regrouped wherever necessary.

B: Numbers may not add up due to rounding



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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, music label, content syndication, and commission on sales amongst others. The following table contains break-down of consolidated revenues.

<i>(Rs. million)</i>	Q1FY20	Q1FY19	Growth
Advertising revenue	11,867	11,460	3.6%
Subscription revenue	7,088	5,186	36.7%
Other sales and services	1,126	1,074	4.9%
Total Revenue	20,081	17,720	13.3%

Refer Notes A and B above

Advertising revenues

During the first quarter, ZEEL's consolidated advertising revenue grew by 3.6% YoY to Rs. 11,867 million. Domestic advertising revenues grew by 4.2% YoY to Rs. 11,322 million. The domestic advertising revenue growth was slower than the previous quarters primarily due to the impact of two leading channels getting converted from free-to-air to pay channels, and therefore moving out of DD Freedish. Also, as the implementation of the tariff order was underway during the quarter, the reach and viewership of all entertainment networks got affected. Due to this uncertainty, some of the brands moved a part of their advertising spends temporarily to sports channels airing cricket events which promised a higher reach. As the impact of tariff order normalizes and the festive season begins, the advertising growth is expected to return to its normal trajectory.

Subscription revenues

ZEEL's consolidated subscription revenue grew by 36.7% to Rs. 7,088 million during the quarter. Domestic subscription revenue grew by 46.7% YoY while the International subscription revenue declined by 9.2% YoY. The implementation of the new tariff order has led to better monetization of our viewership which explains the step jump in domestic subscription revenue growth. Over the years, our broadcast business has built leadership positions across markets which has resulted in strong uptake of our channels and bouquets under the new tariff order. The order has allowed us to price our channels in line with their popularity, leading to a sharp improvement in subscription revenues, especially in the southern markets.



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EXPENDITURE

ZEEL's total expenditure in Q1FY20 stood at Rs. 13,484 million, higher by 11.8% YoY compared to Q1FY19. The following table gives the break-down of costs.

<i>(Rs. million)</i>	Q1FY20	Q1FY19	Growth
Operating cost	7,800	6,683	16.7%
Employee cost	2,003	1,714	16.9%
A&P Expense	1,955	1,402	39.5%
Other Expenses	1,726	2,265	-23.8%
Total Expense	13,484	12,064	11.8%

Refer Notes A and B above

Programming cost for the quarter increased by 16.7% YoY to Rs. 7,800 million. This increase was primarily driven by content cost for ZEE5 and higher movie amortization costs for our Hindi and regional channel portfolio. Advertising, Publicity and Other expenses at Rs. 3,680 million were flat on a YoY basis. Higher marketing and promotion costs for ZEE5, both in India and in International markets, led to higher A&P expenses during the quarter.



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CORPORATE DEVELOPMENTS

- The Company had on April 16, 2019 issued and allotted 15,265 Equity Shares upon exercise of Stock Options granted under ESOP Scheme, resulting in the increase in Paid-up Equity Share Capital of the Company to 960,481,765 Equity Shares of Re. 1/- each.
- As per the terms of issue of 6% Cumulative Redeemable Non-Convertible Preference Shares (Listed Preference Shares issued as Bonus in March 2014) the Company had declared Preference Dividend of Re. 0.36 per share for FY 2018-19 on the Preference Shares of face value of Re. 6 each (post remittance of partial redemption amount of Rs. 2 per Share in March 2019) and the said dividend was remitted to the Preference Shareholders as at March 30, 2019 on April 15, 2019.
- In June 2019, Brickwork Ratings India Pvt Ltd updated/revised Rating Outlook of Company's Listed Preference Shares from 'BWR AAA (Outlook: Credit Watch with Developing Implications)' to 'BWR AAA (Outlook: Credit watch with Negative Implications)'. The said revision inter alia factored delay in stake sale plan announced by the Promoters in November 2018 along with uncertainty in stake sale, volatility in share price, deteriorating & weakening credit profile and weakening financial flexibility at the group including its infrastructure segment.



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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 Bollywood, 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 Keralam, 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 Kannada HD, Zee Keralam HD, Zee Cinemalu HD, &flix HD, Zee Café HD and &privé HD. ZEE5, ZEEL's OTT platform, ZEE5, has 100,000+ hours of catch-up content and 80+ 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.