



Extraordinary Together

Strong revenue growth momentum continues

ZEE5 launched with the biggest Indian content catalogue, 100,000+ hours of content

Domestic ad revenue growth (adjusted for sports) of 24.9% in Q4FY18, 18.7% in FY18

Domestic subscription growth (adjusted for sports) of 18.1% in Q4FY18, 11.8% in FY18

EBITDA for FY18 at Rs. 20,761 mn, EBITDA Margin of 31.1%

Board Recommends Equity Dividend of 290%

FY18 HIGHLIGHTS

- ❖ On the completion of 25 years of operations, ZEEL network adopted a refreshed brand identity with the new logos signifying continuity, inclusiveness, transformation and passion. The new brand philosophy *Extraordinary Together* encapsulates ZEEL's brand promise to achieve extraordinary goals taking along all the partners.
- ❖ ZEEL was the No. 1 non-sports entertainment television network during the year with an all-India viewership share of 18.0%.
- ❖ ZEE5, ZEEL's comprehensive digital platform was launched with 100,000+ hours of content.
- ❖ ZEEL firmly established itself as a strong player in the movies and music space. Zee Studios released 10 movies last year and Zee Music Company emerged as a leading music label within 4 years of launch.
- ❖ Advertising revenue for FY18 was Rs. 42,048 million recording a growth of 14.5%. On a comparable basis (excluding sports, RBNL and IWPL), domestic advertising revenue grew by 15.9% to Rs. 38,488 million.
- ❖ Subscription revenue for FY18 was Rs. 20,287 million. Adjusted for the sale of sports business, domestic subscription revenue grew by 11.8%.



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Q4FY18 HIGHLIGHTS

- ❖ Advertising revenue for the quarter was Rs. 10,496 million recording a growth of 23.9%. Adjusted for sports, domestic advertising grew by 24.9% to Rs. 9,834 million. On a comparable basis (excluding sports, RBNL and IWPL), domestic advertising revenue grew by 21.5%. International advertising revenue for the quarter was Rs. 662 million.
- ❖ Subscription revenue for the quarter was Rs. 5,465 million. Adjusted for the sale of sports business, domestic subscription revenue grew by 18.1% to Rs. 4,521 million. International subscription revenue stood at Rs. 944 million.
- ❖ EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter stood at Rs. 5,062 million and EBITDA margin stood at 29.3%.
- ❖ 2 Marathi movies *Yere Yere Paisa* and *Gulaabjaam* were released and performed well at the box-office.

Mumbai, May 10, 2018: The Board of Directors in its meeting held today, has approved and taken on record the audited consolidated financial results of Zee Entertainment Enterprises Limited (ZEEL) (BSE: 505537, NSE: ZEEL.EQ) and its subsidiaries for the quarter and financial year ended March 31, 2018.

For the fourth quarter of fiscal 2018, ZEEL reported consolidated revenue of Rs. 17,253 million. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs. 5,062 million with an EBITDA margin of 29.3%. PAT for the quarter was Rs. 2,310 million.

For FY18, ZEEL reported consolidated revenue of Rs. 66,857 million. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs. 20,761 million with an EBITDA margin of 31.1%. PAT for the year was Rs. 14,791 million.

Dr. Subhash Chandra, Chairman, ZEEL, commented, "Looking at our performance one might not realise that the first half of the year was not as smooth, which is a testimony to the strength of our team. Being the number one TV entertainment network is a result of our strategy and the consistent hard work we have put in over the years. With the launch of ZEE5, we have taken a major leap towards our preparation for the future and we are confident that like TV business we will be in the leadership position in the digital space as well."



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Mr. Punit Goenka, Managing Director & Chief Executive Officer, ZEEL, commented, "We launched our new digital platform ZEE5 with over 100,000 hours of content across 11 languages. We are happy with the initial response and are confident that the sheer depth and breadth of our content offering will enable it to become the number one digital entertainment platform in India. We have also focused on the peculiarities of Indian market and designed technological features to improve the user experience. Unlike most of the existing apps which are either focused on the English-speaking segment or the youth audience, ZEE5's vast content catalogue is designed with an objective to cater to all sections of video viewing audience.

We are delighted with the strong operating and financial performance during the quarter. Domestic ad revenue growth of 24% is driven by broad based recovery in advertising spends. With high visibility of product campaigns, improving consumer demand and GST related benefits trickling down to ad spends, we are confident of continued traction in advertising spending. The full-year domestic subscription revenue growth of 12% is a tad lower than our initial expectations due to some unforeseen events. However, there is no change in our medium-term outlook for the same."

BUSINESS PERFORMANCE

Domestic Broadcast Business

In FY18, ZEEL was the #1 network in the non-sports entertainment segment with an all-India viewership share of 18.0%. The network improved its performance in several regional language markets while becoming the leader in pay Hindi GEC segment. During 4QFY18, ZEEL's network market share was 18.5%.

Zee TV maintained its leadership position in the pay Hindi GEC segment. The newly launched shows have performed well and further strengthened channel's position in the fiction genre. **&tv** largely maintained its market share in the Urban market. In the Hindi FTA segment, **Zee Anmol** was the leader and **Zee Magic** continued to perform strongly.

The cinema cluster continues to retain its leadership position in the pay **Hindi movie** genre.

Company's **Regional entertainment** portfolio witnessed another quarter of strong performance. **Zee Marathi** continued to be the leader in all prime-time slots and maintained its No. 1 position. In West Bengal, **Zee Bangla** gained significant traction and narrowed the gap with the leader. **Zee Telugu** maintained its share and is a close second in the Urban market. **Zee Kannada** improved its market share as the second ranked channel in Karnataka. **Zee Tamil** further improved its market share achieving its highest ever time spent during the quarter. **Zee Sarthak** continues to maintain its strong leadership position in the Odiya market. **Zee Ganga**, maintained its strong viewership in Bhojpuri market.



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Zee Café, with its eclectic line-up of shows, continues to be an audience favourite for English entertainment & **privé HD**, the premium destination for English movies, has further gained market share and is a leader in this market.

International Business

During the quarter, ZEEL's International business revenue was Rs. 2,143 million. The advertising revenue grew by 26.2% while the subscription revenue declined by 8.0%. Break-down of international business revenues for the fourth quarter is as below:

- Advertisement Revenue of Rs. 662 mn
- Subscription Revenue of Rs. 944 mn
- Other Sales and Services of Rs. 537 mn

Digital Business

ZEE5 was launched during the quarter with 100,000+ hours of content. With exclusive original content, Indian and International movies, catch-up TV, international shows dubbed in multiple Indian languages, kids entertainment, music and lifestyle related content and extensive live TV offering across languages, ZEE5 is a one-stop entertainment destination for Indian consumers. With a strong pipeline of original content in 6 languages, it will have one of the biggest digital exclusive content offering in Indian languages.

Movies & Music Business

Zee Studios, our movie production division, released two Marathi movies during the quarter – *Yere Yere Paisa* and *Gulabjaam*. Both the movies were well received at the box office. During FY18, a total of 10 movies were released across three languages – Hindi, Marathi and Punjabi.

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 ~3.4 billion views on YouTube in Q4. Zee Music Company is the second most subscribed music channel on YouTube.



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CONDENSED STATEMENTS OF OPERATIONS

Consolidated operating revenue for the fourth quarter of FY18 stood at Rs. 17,253 million, recording a growth of 12.9% on YoY basis. EBITDA for the quarter ended March 31, 2018 was Rs. 5,062 million, translating into EBITDA margin of 29.3%. Profit After Tax (PAT) for the quarter was Rs. 2,310 million.

Consolidated operating revenue for FY18 stood at Rs. 66,857 million, recording a growth of 3.9% on YoY basis. EBITDA for the fiscal ended March 31, 2018 was Rs. 20,761 million, translating into EBITDA margin of 31.1%. Profit After Tax (PAT) for the year was Rs. 14,791 million.

The following table presents the consolidated financial statement of ZEEL and its subsidiaries for the fourth quarter and full year FY18 and FY17:

(Rs. million)	Q4FY18	Q4FY17	Growth	FY18	FY17	Growth
Operating Revenue	17,253	15,280	12.9%	66,857	64,341	3.9%
Expenditure	12,191	10,593	15.1%	46,095	45,073	2.3%
EBITDA	5,062	4,687	8.0%	20,761	19,269	7.7%
Add: Other Income	881	549	60.4%	4,404	2,240	96.5%
Less: Depreciation	594	316	87.9%	1,821	1,152	58.0%
Less: Finance Cost	1,274	1,122	13.6%	1,448	1,372	5.5%
Less: Fair Value Through P&L	(1,032)	(470)		68	2,205	
PBT before exceptional items	5,106	4,269	19.6%	21,829	16,780	30.1%
Add: Exceptional Items	-	12,234		1,346	12,234	
PBT after exceptional items	5,106	16,503		23,175	29,014	
Less: Tax Expense	2,805	1,468	91.2%	8,409	6,809	23.5%
Add: Share of Profit of Associates	6	103		12	(5)	
Less: Minority Interest	(4)	(13)		(14)	(12)	
Profit After Tax (PAT)	2,310	15,152		14,791	22,213	

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

<i>(Rs. million)</i>	Q4FY18	Q4FY17	Growth	FY18	FY17	Growth
Advertising revenue	10,496	8,469	23.9%	42,048	36,735	14.5%
Subscription revenue	5,465	5,580	-2.0%	20,287	22,629	-10.3%
Other sales and services	1,292	1,231	5.0%	4,522	4,977	-9.1%
Total Revenue	17,253	15,280	12.9%	66,857	64,341	3.9%

Refer Notes A and B above

Advertising revenue

During the quarter, ZEEL's consolidated advertising revenue grew by 23.9% YoY to Rs. 10,496 million. On a comparable basis (excluding sports, RBNL and IWPL) the domestic advertising revenue growth was 21.5%. The strong growth momentum in advertising spends witnessed in the last quarter continues. The recovery in rural demand is complementing the already strong urban demand which should continue to hold advertising in good stead.

For the full year FY18, ZEEL's consolidated advertising revenue grew by 14.5% YoY to Rs. 42,048 million. On a comparable basis (excluding sports, RBNL and IWPL) the domestic advertising revenue growth was 15.9%. The advertising spends in the first half were impacted due to roll-out of GST but bounced back sharply in the second half.

Subscription revenue

Domestic and international subscription revenues for the quarter declined by 0.7% YoY and 8.0% YoY respectively, primarily on account of sale of sports business. On a like to like basis, the domestic subscription revenue grew by 18.1%. Domestic subscription revenue growth for the quarter was helped by the deals that were closed in the quarter and the catch-up revenues associated with the same.

For the full year FY18, ZEEL's domestic subscription revenue grew by 11.8% YoY. The subscription revenue growth for the year was slightly impacted by the delay in phase-III monetisation due to the uncertainty regarding TRAI's tariff order.



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EXPENDITURE

ZEEL's total expenditure in Q4FY18 at Rs. 12,191 million, higher by 15.1% YoY compared to Q4FY17. The following table gives the break-down of costs.

<i>(Rs million)</i>	Q4FY18	Q4FY17	Growth	FY18	FY17	Growth
Operating cost	6,893	6,458	6.7%	25,275	27,757	-8.9%
Employee cost	1,638	1,593	2.9%	6,657	6,043	10.1%
A&P Expense	1,326	1,073	23.5%	5,773	4,473	29.1%
Other Expenses	2,334	1,468	58.9%	8,390	6,800	23.4%
Total Expense	12,191	10,593	15.1%	46,095	45,073	2.3%

Refer Notes A and B above

Programming cost for the quarter at Rs 6,893 million increased by 6.7% YoY. This increase is driven by higher original programming hours in regional channels, higher movie amortization costs and content cost for ZEE5. Advertising, publicity and other expenses for the quarter grew 44% YoY to Rs 3,660 million on account of ZEE5 launch expense and increased marketing activities for new properties. Additionally, the expense base for Q4FY17 was lower as some marketing and promotion events were held back due to demonetization.

For the full year FY18, total costs increased by 2.3% YoY to Rs 46,095 million. The underlying increase is higher but offset by the sale of sports business. On a like to like basis, programming cost increased due to higher original content hours across the network and higher movie amortization cost, while the reported programming cost declined due sale of sports business. Advertising, publicity and other expenses increased by 25.6% YoY to Rs. 14,164 million on account of brand refresh, launch of ZEE5 and costs related to silver jubilee events.

INVESTMENT IN MOVIES

Movies being one of the important avenues of entertainment for an Indian consumer are a crucial part of ZEEL's content bouquet. Movies is a key long-term growth driver for the Company and to cater to the portfolio of 11 movie channels across Hindi and regional languages and an expansive digital movie library for ZEE5, the Company has significantly increased the acquisition of satellite and digital rights of movies over the last two years. A large part of advances and increase in inventory during FY18 is on account of investments in acquisition of current rights, future rights and advance purchase of rights of under production movies.



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Effective Tax Rate

Effective tax rate for FY18 was at 41.4%, higher than the marginal tax rate. During the year, ZEEL's foreign subsidiaries paid out dividend of Rs 7,816 million to the parent entity from the sale proceeds of sports business. As per Indian tax laws, dividend receipts from foreign subsidiaries attract a tax at the rate of ~17%. Accordingly, we paid a tax of Rs 1,352 million on the dividend so received which is part of the current tax line item in P&L statement.

As per the Indian tax laws, tax paid on the dividend received from foreign subsidiaries can be offset against dividend distribution tax payable on equity dividend, preference dividend and redemption of preference shares. Since this benefit relates to appropriation of profits, it accrues below the net profit line item and hence the tax rate remains elevated. However, at the consolidated level, despite the higher tax rate, there is no impact on cash-flow. Excluding this tax of Rs 1,352 million, the normalized tax rate works out to 34.8%. The following table gives broad reconciliation between our normalized tax rate and tax rate for FY18.

Tax rate calculation

Particulars	Amount (INR mn)
Profit before tax	23,186
Adjustments for non-taxable items	
Add: Fair value adjustment	68
Less: Re-measurement gain	1,609
Less: Gain on sale of sports business	1,346
Profit before tax adjusted for non-taxable items (A)	20,299
Tax expense for FY18 (B)	8,409
Tax rate (C=A/B)	41.4%
Tax on dividend from foreign subsidiary available for offset	1,352
Tax paid for the year (D = B-C)	7,057
Normalised tax rate (D/A)	34.8%



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CORPORATE DEVELOPMENTS

- The Composite Scheme of Arrangement and Amalgamation for Demerger of Demerged Undertakings of Zee Digital Convergence Limited, Zee Unimedia Limited and India Webportal Pvt Ltd vesting with the Company and Amalgamation of Sarthak Entertainment Pvt Ltd with the Company with effect from Appointed Date of April 1, 2017 was approved by the Mumbai Bench of Hon'ble National Company Law Tribunal vide Order passed on April 11, 2018 and the said Scheme became effective on and from May 3, 2018. Requisite accounting effect of the Scheme has been given in the Financial Statements of the Company for the quarter and year ended March 31, 2018.
- In accordance with the Dividend Distribution Policy, the Board of Directors of the Company has recommended Equity Dividend of Rs. 2.90/- per Share (equivalent to 290%) for FY 2017-18, for approval of the Equity Shareholders at the Annual General Meeting scheduled to be held on July 17, 2018.
- During the quarter under review, the Company had on March 16, 2018, terminated/called-off the deal for acquisition of 100% Equity stake in 2 Media entities viz 9X Media Pvt Ltd and INX Music Pvt Ltd, due to non-completion of certain material Conditions Precedent(s).
- As per the terms of issuance of Bonus Preference shares, the Company had (a) redeemed 20% of the Nominal Value (i.e. Rs. 2) of Bonus Preference Shares and remitted the said Redemption Amount along with Dividend of Re. 0.11145 on such redemption value till the date of Redemption to the Preference Shareholders; (b) 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;
- During the Quarter under review, in February 2018, ATL Media Limited, Mauritius a wholly owned overseas subsidiary of the Company declared and remitted equity dividend equivalent to INR 4,332 million to the Company.
- Mr Bharat Kedia resigned as Chief Financial Officer of the Company effective April 29, 2018. Pending appointment of a CFO, the Finance functions of the Company shall be discharged by Mr Sundeep Mehta, Finance Controller.
- On April 10, 2018, the Company 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.



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BALANCE SHEET

Particulars (INR mn)	31-Mar-2018	31-Mar-2017
ASSETS		
I) Non-current assets		
(a) Property, plant and equipment	6,005	4,872
(b) Capital work-in-progress	781	1,270
(c) Investment property	1,555	1,150
(d) Goodwill	5,467	2,676
(e) Other Intangible assets	1,734	458
(f) Intangible assets under development	139	288
(g) Financial Assets		
(i) Investments		
(a) Investments in associates	2	8
(b) Investments in joint ventures	194	163
(c) Other investments	1,397	1,392
(ii) Other financial assets	758	1,173
(h) Income tax assets (Net)	7,026	6,391
(i) Deferred tax assets (Net)	-	903
(j) Other non-current assets	340	558
Total non-current assets	25,397	21,302
II) Current assets		
(a) Inventories	26,278	16,962
(b) Financial assets		
(i) Other Investments	13,695	11,868
(ii) Trade receivables	15,365	12,418
(iii) Cash and cash equivalents	9,345	25,116
(iv) Bank balances other than (iii) above	6,773	1,017
(v) Loans	2,428	1,542
(vi) Other financial assets	1,798	2,214
(c) Other current assets	10,218	10,134
Total current assets	85,900	81,272
Total Assets (I + II)	111,297	102,574



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Particulars (INR mn)	31-Mar-2018	31-Mar-2017
EQUITY AND LIABILITIES		
A) Equity		
(a) Equity Share capital	960	960
(b) Other equity	74,657	65,945
Equity attributable to shareholders (a) + (b)	75,617	66,905
Non-controlling interests	142	10
Total equity	75,759	66,915
B) Liabilities		
I) Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings		
Redeemable preference shares	11,443	15,261
Others	10	2,947
(b) Provisions	892	768
Total non-current liabilities	12,344	18,976
II) Current liabilities		
(a) Financial liabilities		
(i) Trade payables	11,497	8,343
(ii) Other financial liabilities		
Redeemable preference shares	3,802	3,815
Others	2,580	2,576
(b) Other current liabilities	1,439	1,177
(c) Provisions	83	90
(d) Current Tax liabilities (net)	1,799	683
(e) Deferred tax liabilities (net)	1,996	-
Total current liabilities	23,193	16,683
Total liabilities (I + II)	35,538	35,659
Total equity and liabilities (A + B)	111,297	102,574



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SHAREHOLDING PATTERN

The total outstanding shares of the Company as of March 31, 2018 were 960,453,620. The shareholding pattern as of March 31, 2018 is given below:

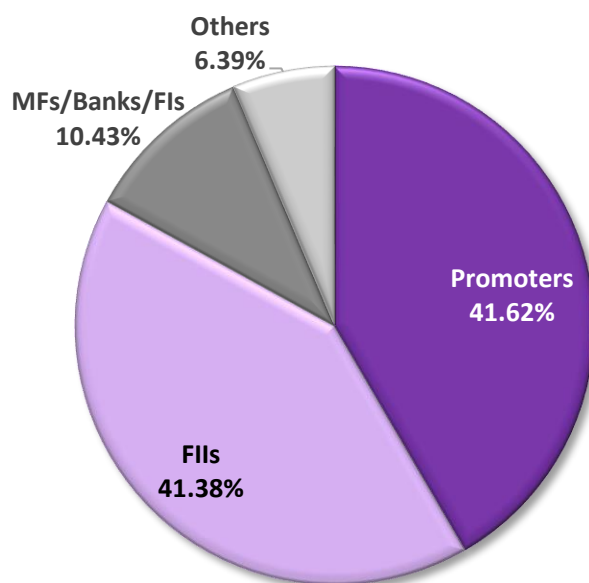


Figure: Shareholding pattern as on March 31, 2018





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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, Zee 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 Zee 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. 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.