



॥ VASUDHAIVA KUTUMBAKAM ॥
THE WORLD IS MY FAMILY

ZEEL becomes the No. 1 Entertainment Network in India

Domestic Advertising Revenue of Rs. 9,346 mn, Up 10.1% YoY adjusted for sports

Domestic Subscription Revenue of Rs. 4,043 mn, Up 7.2% YoY adjusted for sports

EBITDA at Rs. 4,912 mn, EBITDA Margin of 31.0%

2 HD channels - &privé HD and Zee Tamil HD launched

Q2FY18 HIGHLIGHTS

- ❖ ZEEL was the No. 1 non-sports entertainment television network during the quarter with a viewership share of 18.3%.
- ❖ The Company entered into a definite agreement to acquire 6 music channels from 9X Media and its subsidiaries. The channels include 3 Hindi music channels (9XM, 9X Jalwa, 9X Bajao) and one each in Punjabi (9x Tashan), Marathi (9x Jhakas) and English (9XO). The acquisition will significantly strengthen ZEEL's television music portfolio in Hindi and regional languages. It will also complement the Company's movie and music business.
- ❖ Advertising revenue for the quarter was Rs. 9,867 million recording a growth of 2.9%. Adjusted for sports, domestic advertising grew by 10.1% to Rs. 9,346 million. On a comparable basis (excluding sports, RBNL and IWPL), domestic advertising revenue grew by 5.8%. International advertising revenue for the quarter was Rs. 521 million.
- ❖ Subscription revenue for the quarter was Rs. 5,014 million. Adjusted for the sale of sports business, domestic subscription revenue grew by 7.2% to Rs. 4,043 million. International subscription revenue stood at Rs. 971 million.
- ❖ Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter stood at Rs. 4,912 million and EBITDA margin stood at 31.0%.
- ❖ 2 HD channels - Zee Tamil HD and premium English movie channels &privé HD were launched taking the count of HD channels to 11.

Zee Entertainment Enterprises Limited

18th Floor, A - Wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel,

Mumbai - 400013, India

+91 22 7106 1234

Mumbai, October 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 September 30, 2017.

ZEEL reported consolidated revenue of Rs. 15,821 million for the second quarter of fiscal 2018. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs. 4,912 million. PAT for the quarter was Rs. 5,912 million. EBITDA margin for the quarter was at 31.0%.

Dr. Subhash Chandra, Chairman, ZEEL, commented, “We are now a 25 years old organization and it is with great satisfaction and pride that I look back at this journey and the numerous milestones we have achieved. Starting as India’s first private television channel, we have grown into a truly global entertainment content company with a worldwide footprint and a strong presence across all forms of entertainment. Indian M&E industry has grown by leaps and bounds but it is just the beginning. I am confident that we will continue to shape the entertainment industry, much like we have done over the last two and a half decades.”

Mr. Punit Goenka, Managing Director & Chief Executive Officer, ZEEL, commented, “At ZEEL, it has been exciting 25 years during which we significantly increased our viewership and expanded our regional as well as global presence. This was achieved while delivering a strong financial performance. It has been possible because of our ability to evolve our content offerings in line with changing consumer preferences. Another step in this evolution would be the launch of our new digital product, ‘Z5’, in the second half of this financial year. It will offer an unrivalled content catalogue appealing to all demographics and bring unique viewing experience to the consumer.

We are satisfied with our performance against the backdrop of tough macro-economic environment during the quarter. Our advertisers were negatively impacted during transition to GST which led to a temporary pull-back on their ad spends. Post the decline in the first half of the quarter, the growth recovered strongly and is back on track. Despite the adversity, our domestic ad revenue grew at 5.8% on a comparable basis.

The domestic subscription growth for the quarter was at 7.2%. As against the early closure of deals last year, content deals with distributors are taking slightly longer due to litigations regarding the TRAI tariff regulation. However, our full year outlook for subscription growth remains unaltered. Despite the loss of advertising revenue and elevated expenses during the quarter, we have been able to deliver a healthy margin of 31%.

The acquisition of 9X Media follows our stated strategy of expanding into regional markets and niche genres. 9X Media’s six music channels enjoy leading market shares in their respective

segments and will further strengthen our entertainment offering to the consumer. The channels will benefit immensely from our network's strength to achieve higher growth potential and cost synergies."

BUSINESS PERFORMANCE

Broadcast Business

In Q2FY18, ZEEL was the #1 non-sports entertainment network with a viewership share of 18.3%. The pay Hindi GEC bouquet saw a sharp improvement in its market share and the regional portfolio continued to perform well.

Zee TV was the leader in the pay Hindi GEC segment and **&tv** also improved its market share. Zee TV and &tv had a combined viewership share of 25.5% 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 continued to exhibit a strong performance. **Zee Marathi** maintained its market share at the No.1 position in the Marathi market. **Zee Bangla** increased its urban viewership and was the second most watched channel in West Bengal. In Telugu market, **Zee Telugu** was the second ranked channel in the Urban market. **Zee Kannada** maintained its position as second ranked channel in Karnataka. **Zee Tamil** improved its market share as 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 genre.

Zee Café was the most watched English entertainment channel and **Zee Studio** premiered some of the best movies from around the world. **&privé HD**, an English movie channel was launched for the premium audience.

International Business

During the quarter, ZEEL's International business revenue (excluding sports business) was Rs. 1,715 million. On a comparable basis, the advertising and subscription revenues were lower by 19.9% and 7.6%, respectively. The adverse impact of currency appreciation and region-specific issues have contributed to the decline in revenues.

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

- Advertisement Revenue of Rs. 506 mn
- Subscription Revenue of Rs. 970 mn
- Other Sales and Services of Rs. 239 mn
- Total Revenue of Rs. 1,715 mn

Other Businesses

Zee Studios, our movie production division, released two movies during the quarter – *Mom* (Hindi) and *Channa Mereya* (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 Q2, our music label registered ~2.6 billion views on YouTube.

OZEE saw a sharp improvement in performance metrics with an average of 115 mn+ video views per month during the quarter. **DittoTV** continued to see improved traction leveraging its partnerships with telecom operators. The strong performance of the two platforms provides a sound launch-pad for the new digital platform Z5.

CONDENSED STATEMENT OF OPERATIONS

Consolidated operating revenue for the second quarter of FY18 stood at Rs. 15,821 million, recording a decline of 6.7% on YoY basis. EBITDA for the quarter ended September 30, 2017 was Rs. 4,912 million, translating into EBITDA margin of 31.0%. Profit After Tax (PAT) for the quarter including exceptional gain from the sale of sports business was Rs. 5,912 million. The other income for the quarter includes notional gain of Rs 1,609 million on re-measurement of previously held equity interests in India Webportal Private Limited (IWPL) and Fly By Wire International Private Limited to its acquisition-date fair value.

The following table presents the consolidated financial statement of ZEEL and its subsidiaries for the second quarter of FY18 versus FY17:

<i>(Rs. million)</i>	Q2FY18	Q2FY17	Growth
Operating Revenue	15,821	16,954	-6.7%
Expenditure	10,909	12,062	-9.6%
EBITDA	4,912	4,892	0.4%
Add: Other Income	2,031	432	369.9%
Less: Depreciation	411	336	22.4%
Less: Finance Cost	3	86	-96.7%
Less: Fair Value Through P&L	148	829	
Profit Before Tax before exceptional items	6,381	4,074	56.6%
Exceptional Items	1,346	-	
Profit Before Tax after exceptional items	7,727	4,074	89.7%
Less: Tax Expense	1,832	1,634	12.1%
Add: Share of Profit/ (Loss) of Associates	12	(56)	
Less: Minority Interest	(4)	0	
Profit After Tax (PAT)	5,912	2,384	148.0%

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.

<i>(Rs. million)</i>	Q2FY18	Q2FY17	Growth
Advertising revenue	9,867	9,592	2.9%
Subscription revenue	5,014	5,833	-14.0%
Other sales and services	939	1,529	-38.6%
Total Revenue	15,821	16,954	-6.7%

Refer Notes A and B above

Sports Business Financials

<i>(Rs. million)</i>	Q2FY18	Q2FY17
Total Revenue	16	2,125
Advertising Revenue	15	472
Subscription Revenue	1	1,010
Other Sales & Services	-	642

The phase II of sale of sports business comprising of some of the properties in international territories was completed in the month of September. Revenues earned by these properties were recorded in ZEEL's books till completion of the transaction. As part of the arrangement, the economic risk and reward of these properties were 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 Q2FY18 grew by 2.9% YoY to Rs. 9,867 million. Despite the adverse impact of GST on advertising, domestic advertising grew by 5.8% YoY, on a comparable basis (excluding sports, RBNL and IWPL) to Rs. 9,028 million. Our customers reduced advertising spends in first half of the quarter as implementation of GST disrupted their value chain. The growth strongly rebounded in the second half with the onset of festive season and has returned to normal growth trajectory. 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 13.5% YoY and 16.1% YoY respectively, on account of sale of sports business. On a like to like basis, the domestic subscription revenue grew by 7.2%. Domestic subscription revenue for Q2FY17 had benefitted from early closure of content contracts with our distributors, resulting in a high base. However, in the current year the contract renewal negotiations are taking slightly longer due to ongoing litigations regarding TRAI's tariff order. Despite the delay, the full year outlook for domestic subscription revenue growth remains unaltered.

EXPENDITURE

ZEEL's total expenditure in Q2FY18 stood at Rs. 10,909 million, lower by 9.6% compared to Q2FY17. The following table gives the break-down of costs.

(Rs million)	Q2FY18	Q2FY17	Growth
Operating cost	5,789	7,688	-24.7%
Employee cost	1,814	1,533	18.4%
Advertisement & Publicity expense	1,410	1,153	22.3%
Other Expenses	1,896	1,688	12.3%
Total Expense	10,909	12,062	-9.6%

Refer Notes A and B above

The sharp 25% reduction in operating cost in Q2FY18 is on account of sale of sports business. Adjusted for the same, operating costs have gone up due to launch of new channels and increase in original programming hours on existing ones. Despite sale of sports business, our Advertising, Publicity and Other Expenses grew by 16.4% driven by three factors: *One*, marketing cost incurred on brand refresh of our television channels. *Two*, higher than usual number of shows launched on our Hindi GECs. *Three*, launch of new channel & *privé HD*. Besides annual pay raise, increase in number of employees due to acquisitions explains the growth in personnel cost.

INVESTMENT IN MOVIES

A large part of increase in inventory and other current assets is on account of investments in movies rights for television and digital platform. Advances also include payments for acquisition of future rights and advance purchase of rights of movies under production.

CONSOLIDATED BALANCE SHEET

<i>(Rs million)</i>	Sep-17	Mar-17
A) ASSETS		
Non-Current Assets		
(a) Property, plant and equipment	5,789	5,048
(b) Capital work-in-progress	969	1,270
(c) Investment Property	1,611	1,150
(d) Goodwill	6,176	2,676
(e) Other Intangible Assets	969	458
(f) Intangible Assets Under Development	406	288
(g) Investment in Associates and Joint Ventures	184	172
(h) Financial Assets		
(i) Investments	1,496	1,392
(ii) Other financial assets	1,193	1,219
(i) Income Tax Assets(net)	6,482	6,187
(j) Deferred Tax Assets (net)	1,112	1,108
(k) Other non-current assets	131	335
Total non-current assets	26,519	21,302
Current Assets		
(a) Inventories	20,270	16,962
(b) Financial assets		
(i) Current investments	14,983	11,868
(ii) Trade receivables	16,764	13,195
(iii) Cash and cash equivalents	12,922	25,116
(iv) Other balances with banks	1,019	1,017
(v) Loans	1,594	1,542
(vi) Other financial assets	1,501	2,214
(c) Other current assets	13,780	10,135
Total Current Assets	82,833	82,049
Total Assets	109,352	103,351

<i>(Rs million)</i>	Sep-17	Mar-17
(B) EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	960	960
(b) Other equity	71,812	65,945
(c) Non-controlling Interests	151	10
Total equity	72,924	66,915
Liabilities		
Non-current Liabilities		
(a) Financial Liabilities		
(i) Borrowings		
(ii) Redeemable Preference Shares	15,787	15,261
(iii) Others	9	11
(b) Provisions	850	768
Total non-current liabilities	16,645	16,041
Current Liabilities		
(a) Financial liabilities		
(i) Borrowings	-	2,935
(ii) Trade payables	5,761	5,512
(iii) Other financial liabilities		
Redeemable Preference Shares	3,975	3,815
Others	5,248	5,365
(b) Other current liabilities	1,875	1,995
(c) Provisions	77	90
(d) Current tax liabilities (net)	2,847	683
Total Current Liabilities	19,783	20,396
Total Liabilities	36,429	36,436
Total Equity & Liabilities	109,352	103,351

CORPORATE DEVELOPMENTS

- During Q2 of FY 2017-18, the transaction for Sale of Sports Broadcasting business of the Company to Sony Pictures Networks India Private Limited and its Affiliates (SPNI) was consummated with remittance of the balance consideration by SPNI.
- At the meeting held on October 6, 2017, the Board had approved acquisition of (a) 100% equity stake in 9X Media Private Limited and INX Music Private Limited at an aggregate consideration of INR 1,600 Million; and (b) balance 26% stake in Zee Turner Limited, a JV subsidiary, at a consideration of INR 0.26 Million.

SHAREHOLDING PATTERN

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

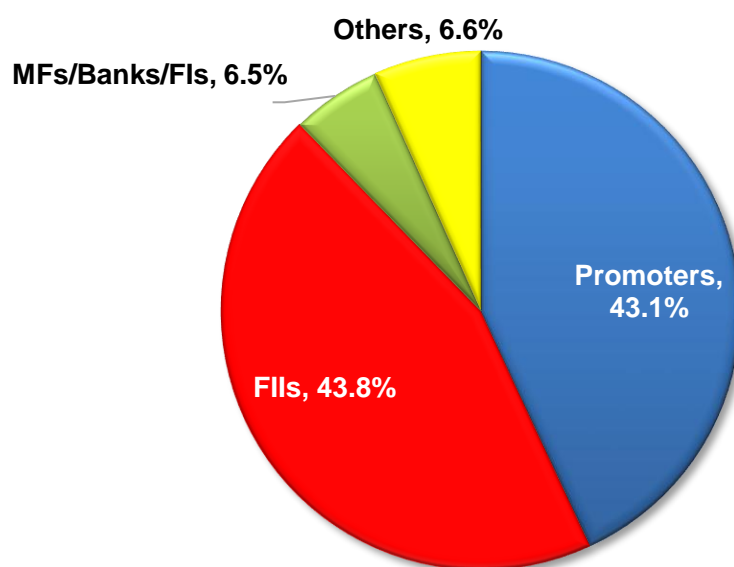


Figure: Shareholding pattern as on September 30, 2017



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 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 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 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 Tamil HD, Zee Studio HD, Zee Café HD and &privé 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.