



Extraordinary Together

Strong all-round performance drives growth

Domestic advertising revenue grew by 23.3% YoY to Rs. 11,526 mn

Domestic subscription revenue grew by 26.0% YoY to Rs. 5,093 mn

EBITDA grew by 37.6% YoY to Rs. 6,757 mn, EBITDA Margin of 34.2%

ZEE5 climbs to #2 position, clocked 41.3 mn MAUs in Sep'18

Q2FY19 HIGHLIGHTS

- ❖ Total revenue for the quarter was Rs. 19,759 million, growth of 24.9% YoY. The growth was driven by the strong performance of our domestic broadcast business and aided by other businesses.
- ❖ Advertising revenue for the quarter was Rs. 12,106 million, growth of 22.7% YoY. Domestic advertising revenue grew by 23.3% YoY to 11,526 million. International advertising revenue for the quarter was Rs. 580 million.
- ❖ Subscription revenue for the quarter was Rs. 6,082 million, growth of 21.3% YoY. Domestic subscription revenue grew by 26.0% YoY to Rs. 5,093 million. International subscription revenue was Rs. 989 million.
- ❖ EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter grew by 37.6% to Rs. 6,757 million and EBITDA margin stood at 34.2%.
- ❖ ZEE5 became the #2 digital entertainment platform with 41.3 million Monthly Active Users (MAU) in Sep'18, 190% growth since Apr'18.
- ❖ ZEEL continued to be the #1 television entertainment network with an all-India viewership share of 19.9%.
- ❖ Zee Studios released 2 Hindi movies – *Dhadak* and *Paltan*, during the quarter.



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Mumbai, October 10, 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 Sep 30, 2018.

For the second quarter of fiscal 2019, ZEEL reported consolidated revenue of Rs. 19,759 million. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs. 6,757 million with an EBITDA margin of 34.2%. PAT for the quarter was Rs. 3,867 million.

Mr. Subhash Chandra, Chairman, ZEEL, commented, “Media and entertainment industry around the world is going through some seminal changes and India is no different. Digital has opened new possibilities for content creators and multiplied the entertainment choices consumers have at their disposal. As India’s leading entertainment content company, ZEEL is strongly positioned to capitalize on this new growth opportunity. Our deep understanding of the Indian consumers will be as instrumental in helping us become the leader in the digital space as it was in helping us achieve the leadership in television. In a short time, ZEE5 has received an overwhelming response and I am confident that the platform will continue to scale-up going forward.”

Mr. Punit Goenka, Managing Director & CEO, ZEEL, commented, “ZEE5 is the fastest growing entertainment platform in the country. In a little over six months, it has become the second most popular OTT platform. With a monthly active user base of 41 million and an average daily time spend of 31 minutes, it is growing faster than our expectations. Despite the strong initial performance, I believe it is just the beginning of a long digital journey for us. With a strong pipeline of original content and partnerships with key players in the digital eco-system, we are confident that ZEE5 will become the default entertainment platform for digital audience.

Our broadcast business continues to grow at an impressive pace as evident from the domestic advertising and subscription revenue growth numbers. We continue to consolidate our viewership share which is driving our market leading growth. We believe that our broadcast portfolio has the potential to further increase its market share and the launch of new channel in Kerala will surely help it. The advertising and subscription revenue growth will be aided by the scaling-up of digital business and the growth outlook for both remains strong. This robust performance also gives us room to increase our investments in digital, if required.”



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BUSINESS PERFORMANCE

Domestic Broadcast Business

During 2QFY19, ZEEL continued to increase its viewership share while maintaining its position as the #1 network in the non-sports entertainment segment with an all-India viewership share of 19.9%. The increase in viewership was driven by gains in several regional language markets and Hindi movie cluster.

Zee TV maintained its #1 position in the pay Hindi GEC segment led by leadership in the core prime time viewership band. Hindi Movie cluster maintained its leadership position in the pay Hindi movie genre. The launch of our new Hindi movie channel in September, **Zee Bollywood**, was received positively by both our viewers and advertisers.

During the quarter, our regional portfolio gained significant traction across markets. In the West Bengal market, **Zee Bangla** became the #1 channel led by the strong viewership of our fiction properties. **Zee Kannada** witnessed significant increase in viewership share narrowing the gap with the leader. **Zee Tamil**, **Zee Telugu** and **Zee Sarthak** witnessed modest market share gains in their respective markets. In Maharashtra, **Zee Marathi** continued to remain the leader. Our portfolio of regional movie channels – **Zee Talkies**, **Zee Bangla Cinema** and **Zee Cinemalu** continued to perform strongly.

Zee Café, with its line-up of English shows, continues to be an audience favorite for English entertainment. **&flix** and **&privé HD** continues to entertain consumers with its rich catalogue of movies.

Digital Business

Since launch in February, ZEE5 has been the fastest growing digital entertainment platform and has become the #2 platform in India.

ZEE5 performance metrics

- In September, ZEE5 had 41.3 mn monthly active users (MAU), recording a growth of 190% compared to April'18.
- Over the same time, video views grew 340% and videos viewed per user almost doubled, leading to a significant improvement in user engagement.
- ZEE5 users currently spend an average of 31 minutes per day on the platform.
- ZEE5 has been consistently amongst the top-5 free and the top-3 grossing entertainment apps as per the Google Play store rankings.



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- The app downloads more than doubled in the second quarter, making it the second most downloaded entertainment app on Google Play store during the quarter.
- ZEE5 also featured as the editor's choice app in the 'Made by Indians' section on Independence Day.

Strong content catalogue

In line with its target to be the one-stop entertainment destination, ZEE5 continues to expand its content catalogue. The platform has so far released 29 original content, including finite-format fiction shows, reality shows, original movies and short movies. The original content covers genres like biopic, comedy, drama, reality, thriller and docu-drama. During the quarter, two seasons of our first tentpole property, *Karenjit Kaur – An Untold Story*, were launched and received great response from the audience. Our second Tamil original series *Kallachirippu* received rave reviews from audience as well as critics. *ZEE5 Film Festival* released 6 never-seen before movies by some of the finest directors featuring critically acclaimed actors. Given the original content pipeline, ZEE5 is set to become the biggest producer of Indian language content for digital audience. ZEE5 also premiered some of the latest movies across 6 languages.

Along with digital original content and movie premieres, ZEE5 brings more than 55 hours of new TV content in 8 languages daily to its users. ZEE5's innovations in catch-up content like 'Week in Short', '5-min Webisodes', 'Behind the Scenes' have increased the content options for consumers. ZEE5 also launched its first integrated property, *Love Me India*, a live reality show on &tv, enabling voting exclusively through the app.

Partnerships in digital eco-system

Partnerships with key players in the digital eco-system is one of the main pillars of growth for ZEE5 to drive higher reach and sampling. ZEE5 has already entered into a partnership with two of the leading telecom operators. Along with collaborating to curate content for teleco's subscribers, both the partners will also drive joint marketing solutions. The Company is discussing similar partnerships with other telecom operators, broadband service providers, device manufacturers and e-commerce companies.

International Business

During the quarter, ZEEL's International business revenue was Rs. 2,026 million. The advertising revenue grew by 14.6% on a comparable basis (In Q2FY18, Rs. 15 mn of advertising revenue pertaining to sports business was part of International ad revenue) while the subscription revenue grew by 1.9%. Break-down of international business revenues for the first quarter is as below:

- Advertisement Revenue of Rs. 580 mn
- Subscription Revenue of Rs. 989 mn
- Other Sales and Services of Rs. 457 mn



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Movies & Music Business

Zee Studios, our movie production and distribution division, released two Hindi movies during the quarter – *Dhadak* and *Paltan*. *Dhadak* performed well with worldwide box office collections crossing Rs. 1 bn. Zee Studios also distributed four movies in India and thirteen movies globally during the quarter.

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 ~4.9 billion views on YouTube in Q2. Zee Music Company is the second most subscribed Indian music channel on YouTube with over 24 million subscribers.

CONDENSED STATEMENT OF OPERATIONS

Consolidated operating revenue for the second quarter of FY19 stood at Rs. 19,759 million, recording a growth of 24.9% on YoY basis. EBITDA for the quarter ended Sep 30, 2018 was Rs. 6,757 million, translating into EBITDA margin of 34.2%. Profit After Tax (PAT) for the quarter was Rs. 3,867 million.

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

(Rs. million)	Q2FY19	Q2FY18	Growth
Operating Revenue	19,759	15,821	24.9%
Expenditure	13,001	10,909	19.2%
EBITDA	6,757	4,912	37.6%
Add: Other Income	589	2,031	-71.0%
Less: Depreciation	588	411	43.2%
Less: Finance Cost	55	3	
Less: Fair Value Through P&L	220	148	
PBT before exceptional items	6,483	6,381	1.6%
Add: Exceptional Items	-	1,346	
PBT after exceptional items	6,483	7,727	
Less: Tax Expense	2,624	1,489	76.3%
Add: Share of Profit of Associates	2	12	
Less: Minority Interest	(6)	(4)	
Profit After Tax (PAT)	3,867	6,255	-38.2%

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>	Q2FY19	Q2FY18	Growth
Advertising revenue	12,106	9,867	22.7%
Subscription revenue	6,082	5,014	21.3%
Other sales and services	1,571	939	67.3%
Total Revenue	19,759	15,821	24.9%

Refer Notes A and B above

Advertising revenue

During the quarter, ZEEL's consolidated advertising revenue grew by 22.7% YoY to Rs. 12,106 million. The 23.3% domestic advertising revenue growth, while aided by a softer base, was driven by the robust demand across key categories for TV advertising and ZEE5's contribution to advertising revenue. While the TV advertising revenue growth was led by the continuous increase in our network market share over the last few quarters, ZEE5's growing user base and time-spent will aid the overall growth.

Subscription revenue

During the quarter, ZEEL's consolidated subscription revenue grew by 21.3% YoY to Rs. 6,082 million. Domestic subscription revenue for the quarter increased by 26.0% YoY whereas international subscription revenue increased by 1.9% YoY. The higher than normal domestic subscription revenue growth was driven by two reasons: a) early closure of some of the distribution contracts as compared to last year b) monetisation of phase-III subscribers. For the TRAI tariff order, 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.



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EXPENDITURE

ZEEL's total expenditure in Q2FY19 stood at Rs. 13,001 million, higher by 19.2% YoY compared to Q2FY18. The following table gives the break-down of costs.

<i>(Rs million)</i>	Q2FY19	Q2FY18	Growth
Operating cost	7,263	5,789	25.5%
Employee cost	1,687	1,814	-7.0%
A&P Expense	1,650	1,410	17.0%
Other Expenses	2,400	1,896	26.6%
Total Expense	13,001	10,909	19.2%

Refer Notes A and B above

Programming cost for the quarter increased by 25.5% YoY to Rs 7,263 million. This increase was driven by content cost for ZEE5, movie production costs and elevated movie amortization costs for the broadcast business. Advertising, publicity and other expenses for the quarter grew 22.5% YoY to Rs 4,051 million due to higher marketing and promotion costs for ZEE5 and movies released during the quarter.



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Balance Sheet

Particulars (INR mn)	Sep-18	Mar-18
ASSETS		
I) Non-current assets		
(a) Property, plant and equipment	6,275	6,005
(b) Capital work-in-progress	844	780
(c) Investment property	1,587	1,555
(d) Goodwill	5,472	5,467
(e) Other Intangible assets	1,715	1,734
(f) Intangible assets under development	252	139
(g) Financial Assets		
(i) Investments		
(a) Investments in associates	3	2
(b) Investments in joint ventures	213	194
(c) Other investments	1,276	1,397
(ii) Other financial assets	1,401	758
(h) Income tax assets (Net)	6,806	7,026
(i) Deferred tax assets (Net)	-	-
(j) Other non-current assets	328	340
Total non-current assets	26,170	25,397
II) Current assets		
(a) Inventories	27,107	26,278
(b) Financial assets		
(i) Other Investments	12,452	13,695
(ii) Trade receivables	18,684	15,365
(iii) Cash and cash equivalents	11,767	9,345
(iv) Bank balances other than (iii) above	2,624	6,772
(v) Loans	2,173	2,428
(vi) Other financial assets	4,190	1,798
(c) Other current assets	13,829	10,218
Total current assets	92,827	85,900
Total Assets (I + II)	118,997	111,297



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Balance Sheet

Particulars (INR mn)	Sep-18	Mar-18
EQUITY AND LIABILITIES		
A) Equity		
(a) Equity Share capital	960	960
(b) Other equity	80,605	74,657
Equity attributable to shareholders (a) + (b)	81,565	75,617
Non-controlling interests	131	142
Total equity	81,696	75,759
B) Liabilities		
I) Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings		
Redeemable preference shares	12,030	11,443
Others	8	10
(b) Provisions	954	892
Total non-current liabilities	12,992	12,344
II) Current liabilities		
(a) Financial liabilities		
(i) Trade payables	12,128	11,497
(ii) Other financial liabilities		
Redeemable preference shares	3,802	3,802
Others	1,505	2,579
(b) Other current liabilities	2,089	1,438
(c) Provisions	95	83
(d) Current Tax liabilities (net)	2,638	1,799
(e) Deferred tax liabilities (net)	2,053	1,996
Total current liabilities	24,309	23,193
Total liabilities (I + II)	37,302	35,537
Total equity and liabilities (A + B)	118,997	111,297

CORPORATE DEVELOPMENTS

During the quarter under review, Audit Committee approved appointment of Mr. Rohit Kumar Gupta as the Chief Financial Officer of the Company with effect from September 6, 2018. Mr. Rohit Kumar Gupta was further nominated as Key Managerial Personnel in the category of CFO and Chief Investor Relations Officer under Company's Fair Disclosure Policy effective October 10, 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, Big Magic, Zee Cinema, &pictures, Zee Action, Zee Bollywood, 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 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.