



Extraordinary Together

Strong all-round performance

Domestic advertising revenue grew by 20.6% YoY to Rs. 13,719 mn

Domestic subscription revenue grew by 28.6% YoY to Rs. 5,192 mn

EBITDA grew by 26.9% YoY to Rs. 7,543 mn, EBITDA Margin of 34.8%

ZEE5 MAUs grew by 36% to 56.3 mn in Dec'18 as compared to Sep'18

Zee Keralam, Zee Keralam HD and Zee Kannada HD launched

Q3FY19 HIGHLIGHTS

- ❖ Total revenue for the quarter was Rs. 21,668 million, growth of 17.9% YoY. The growth was driven by the strong performance of our broadcast business.
- ❖ Advertising revenue for the quarter was Rs. 14,626 million, growth of 21.7% YoY. Domestic advertising revenue grew by 20.6% YoY to Rs. 13,719 million. International advertising revenue was Rs. 907 million.
- ❖ Subscription revenue for the quarter was Rs. 6,185 million, growth of 23.3% YoY. Domestic subscription revenue grew by 28.6% YoY to Rs. 5,192 million. International subscription revenue was Rs. 993 million.
- ❖ EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter grew by 26.9% to Rs. 7,543 million and EBITDA margin stood at 34.8%.
- ❖ ZEE5 continues its strong growth recording 56.3 mn MAUs in the month of December, growth of 36% over the last 3 months.
- ❖ ZEEL further strengthened its position as the #1 television entertainment network with an all-India viewership share of 20.2%.
- ❖ Zee Keralam and Zee Keralam HD launched in Kerala market making ZEEL the biggest television network with presence in 9 Indian language markets.



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Mumbai, January 15, 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 Dec 31, 2018.

For the third quarter of FY19, ZEEL reported consolidated revenue of Rs. 21,668 million. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs. 7,543 million with an EBITDA margin of 34.8%. PAT for the quarter was Rs. 5,624 million.

Mr. Subhash Chandra, Chairman, ZEEL, commented, “India is poised to remain one of the fastest growing economies in the world. Decline in crude oil prices and rationalization of GST rates will further boost the economy and help maintain the growth momentum in consumption. Even in M&E space, content consumption is growing at a brisk pace across mediums. This trend along with macro-economic tailwinds will drive growth in both advertising and subscription revenues. We have delivered yet another quarter of strong performance across all our businesses. ZEE5 is scaling up in line with our expectations and is on course to become India’s number one digital entertainment platform.”

Mr. Punit Goenka, Managing Director & CEO, ZEEL, commented, “I am really pleased with our performance this quarter which further strengthens our position as India’s leading entertainment content company. While our television business continues to consolidate its number one position, ZEE5 is quickly establishing itself as one of the leading digital entertainment platforms in the country. ZEE5 has already become the biggest producer of Indian content amongst the digital platforms and the content offering will multiply going forward. Our expanding list of partnerships with telecom operators and players in the digital eco-system, coupled with innovation in pricing, will make ZEE5 accessible to a wider audience.

With the launch of our Malayalam channel, *Zee Keralam*, ZEEL now has the widest footprint in country in terms of the languages covered. It will help us further consolidate our network share. Advertising outlook for the industry looks upbeat and we aim to outpace the industry growth on the back of our growing network share. After much delay, TRAI’s tariff order is now set to be implemented across the country next month. I reiterate that this is a positive step for the industry in the long term and will be beneficial for everyone. While it will take some time for the new system to settle, we are working with all our partners for its smooth implementation.”



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BUSINESS PERFORMANCE

Domestic Broadcast Business

During 3QFY19, ZEEL continued to gain its viewership share while maintaining its position as the #1 network in the non-sports entertainment segment with an all-India viewership share of 20.2%. The increase in viewership is driven by gains in Hindi and several regional language markets.

Zee TV maintained its #1 position in the pay Hindi GEC segment led by leadership in the core weekday primetime viewership band and **Zee Anmol** further strengthened its leadership position. Our strong movie library helped consolidate market share in the pay Hindi movie genre, widening the gap with the competition.

Our regional portfolio continued to gain significant traction across markets during the quarter. We maintained leadership position in the Marathi, Bangla, Oriya and Bhojpuri markets. **Zee Tamil** increased its market share and was the #2 player for the first time in this market. **Zee Kannada** gained traction and was the #1 channel in Urban market during the quarter. ZEEL expanded its presence in the South market with the launch of **Zee Keralam** in the Malayalam market which received encouraging response. 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** continue to entertain consumers with their rich catalogue of movies.

Digital Business

ZEE5 continues to be the fastest growing digital entertainment platform in the country driven by the rapidly expanding content offering for the consumers.

ZEE5 performance metrics

- In December'18, ZEE5 had 56.3 mn monthly active users (MAU), recording a growth of 36% compared to September'18. This number does not include users from the telecom partnerships.
- ZEE5 users currently spend an average of 31 minutes per day on the platform.
- ZEE5 has been consistently amongst the top-5 free and grossing entertainment apps in India as per the Google Play store rankings.
- ZEE5 app crossed 50 mn gross downloads on Android Play store.



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Building a strong original content catalogue

In its quest to serve engaging and original content to its consumers, ZEE5 is creating a catalogue of digital exclusive content including finite-format fiction shows, reality shows, original movies and short movies. During the last quarter, ZEE5 launched *Rangbaaz*, *Karenjit Kaur S2* and *Babbar Ka Tabbar S2* in Hindi, *Chitra Vichitram* and *B. Tech* in Telugu, *What's Up Velakkari* and *Alarm* in Tamil, *Date with Saie* in Marathi and *Kaali* in Bengali. With *Rangbaaz* and *Karenjit Kaur*, the platform has carved a niche for itself in the biopic genre. Fast paced thrillers like *Kaali* and *Date with Saie* have set the expectations high for the regional audience. ZEE5 is the only OTT platform creating content in 6 Indian languages which will enable it to become the go to platform for consumers looking for differentiated content across languages.

After the release of 12 never seen before movies by some of the well-known Indian and Pakistani directors as part of the *ZEE5 Film Festival*, the platform released *Tigers* by an Oscar winning director. The movie was loved by the audience and critics alike and was followed by the release of *Cabaret* (Hindi) and *Sigai* (Tamil) this month. These Indie, non-commercial movies were complemented by the latest mainstream movies available on the platform. Strengthening its live offering, ZEE5 added a dedicated section for news with a wide offering of news channels and live streamed the famous Sunburn music festival.

Customized subscription packs

In a first of its kind initiative, ZEE5 launched regional subscription packs for Tamil, Telugu and Kannada users. These tiered SVOD packs enable consumers to watch premium content in a language of their choice at half the price. Subscribers of these packs are also able to watch their favorite TV shows hours before they are aired on television later in the day. This offering has helped ZEE5 gather subscription momentum in the south Indian market.

ZEE5 entered into a unique partnership with India's leading train ticketing platform, Railyatri, which enables consumers to buy 7-day subscription pack along with their tickets, allowing them to download and consume content during travel.

Partnerships across the value chain

During the quarter, ZEE5 entered into partnerships with several key players in the digital eco-system to make its content accessible to more consumers. As part of the deal with Airtel, selective ZEE5 content is available to premium Airtel subscribers (ARPU of Rs. 199 and above) on Airtel TV app. This gives an excellent opportunity to these consumers to get a glimpse of the vast content catalogue on ZEE5 and will act as a funnel to upgrade them into ZEE5 subscribers. We are in active discussions with other telecom operators to make our content available to their consumers as well.



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During the quarter ZEE5 partnered with country's leading e-wallet company, Paytm, to provide 50% cashback to subscribers on monthly, half-yearly and annual packs. It also entered into partnership with India's two leading travel and hospitality companies, MakeMyTrip and OYO Rooms, which provides exclusive benefits to both their and ZEE5's customers. Continuing with its endeavor to increase availability across devices, ZEE5 is now also available on all Xiaomi, Samsung and LG smart TVs.

International Business

During the quarter, ZEEL's International business revenue was Rs. 1,978 million. The advertising revenue grew by 40.2% while the subscription revenue grew by 1.2%. Break-down of international business revenues for the first quarter is as below:

- Advertisement Revenue of Rs. 907 mn
- Subscription Revenue of Rs. 993 mn
- Other Sales and Services of Rs. 78 mn

Movies & Music Business

Zee Studios, our movie production and distribution business, distributed one Marathi movie in India and two movies in the international territories during the quarter.

Zee Music Company, our music label, continued with the library expansion of both Bollywood as and regional music. Further improving its performance, the music label registered ~5.3 billion views on YouTube in Q3. Zee Music Company is the second most subscribed Indian music channel on YouTube with over 29 million subscribers.

CONDENSED STATEMENT OF OPERATIONS

Consolidated operating revenue for the third quarter of FY19 stood at Rs. 21,668 million, recording a growth of 17.9% on YoY basis. EBITDA for the quarter ended Dec 31, 2018 was Rs. 7,543 million, translating into EBITDA margin of 34.8%. Profit After Tax (PAT) for the quarter was Rs. 5,624 million.



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

<i>(Rs. million)</i>	Q3FY19	Q3FY18	Growth
Operating Revenue	21,668	18,381	17.9%
Expenditure	14,125	12,437	13.6%
EBITDA	7,543	5,944	26.9%
Add: Other Income	860	480	79.0%
Less: Depreciation	615	505	21.8%
Less: Finance Cost	55	24	
Less: Fair Value Through P&L	-376	419	
PBT before exceptional items	8,109	5,477	48.1%
Add: Exceptional Items	-	-	
PBT after exceptional items	8,109	5,477	48.1%
Less: Tax Expense	2,484	1,739	42.8%
Add: Share of Profit of Associates	2	(1)	
Less: Minority Interest	4	(5)	
Profit After Tax (PAT)	5,624	3,743	50.3%

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>	Q3FY19	Q3FY18	Growth
Advertising revenue	14,626	12,020	21.7%
Subscription revenue	6,185	5,017	23.3%
Other sales and services	857	1,344	-36.2%
Total Revenue	21,668	18,381	17.9%

Refer Notes A and B above



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Advertising revenue

During the quarter, ZEEL's consolidated advertising revenue grew by 21.7% YoY to Rs. 14,626 million. The 20.6% growth in domestic advertising revenue, on a strong base, was driven by the continued strong performance of our television business and aided by the emerging digital business. The advertising demand continues to be strong across categories, reflecting positively on the advertising growth outlook. International advertising revenue grew by 40.2% due to stronger traction in Europe, US and APAC region.

Subscription revenue

During the quarter, ZEEL's consolidated subscription revenue grew by 23.3% YoY to Rs. 6,185 million. Domestic subscription revenue for the quarter increased by 28.6% YoY whereas international subscription revenue increased by 1.2% YoY. The higher than normal domestic subscription revenue growth was on a low base and driven by monetisation of phase-III subscribers. As the implementation of TRAI's tariff order draws near, we are actively engaging with all our distribution partners to enable a smooth transition to the new system. The regulation will go a long way in empowering the consumer and improving transparency in the distribution value chain.

EXPENDITURE

ZEEL's total expenditure in Q3FY19 stood at Rs. 14,125 million, higher by 13.6% YoY compared to Q3FY18. The following table gives the break-down of costs.

(Rs million)	Q3FY19	Q3FY18	Growth
Operating cost	7,978	6,730	18.5%
Employee cost	1,834	1,535	19.4%
A&P Expense	2,011	1,796	11.9%
Other Expenses	2,302	2,375	-3.1%
Total Expense	14,125	12,437	13.6%

Refer Notes A and B above

Programming cost for the quarter increased by 18.5% YoY to Rs. 7,978 million. This increase was driven by content cost for ZEE5 and elevated movie amortization costs for the broadcast business. Advertising, publicity and other expenses for the quarter grew 3.4% YoY to Rs. 4,313 million, despite a higher base, due to increase in marketing and promotion costs associated with ZEE5, new channel launches and brand refresh campaign of two channels during the quarter.



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CORPORATE DEVELOPMENTS

During the quarter the Company had issued and allotted 3,430 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 96,04,66,500 equity shares of Re 1/- each.

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 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.