



Extraordinary Together

Strong performance in a challenging environment

26.8% YoY growth in Q2FY20 domestic subscription revenue

1.4% YoY growth in Q2FY20 domestic advertising revenue

7.4% YoY growth in Q2FY20 consolidated revenue

EBITDA at Rs. 6,929 mn, EBITDA Margin of 32.7%

Profit after tax grew by 6.9% YoY to Rs. 4,132 mn

ZEE5 recorded peak DAU base of 8.9 mn in September

Q2FY20 HIGHLIGHTS

- ❖ Total revenue for the quarter was Rs. 21,220 million, growth of 7.4% YoY. The growth was driven by the strong performance of domestic broadcast and digital businesses.
- ❖ Advertising revenue for the quarter was Rs. 12,247 million, growth of 1.2% YoY. Domestic advertising revenue grew by 1.4% YoY to Rs. 11,690 million. International advertising revenue for the quarter was Rs. 557 million.
- ❖ Subscription revenue for the quarter was Rs. 7,235 million, growth of 19.0% YoY. Domestic subscription revenue grew by 26.8% YoY to Rs. 6,459 million. International subscription revenue was Rs. 776 million.
- ❖ EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) for the quarter grew by 2.5% to Rs. 6,929 million and EBITDA margin stood at 32.7%.
- ❖ ZEE5 recorded a peak DAU (Daily Active User) base of 8.9mn in the month of September.
- ❖ ZEEL's television network had an all-India viewership share of 18.4% during the quarter.



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Mumbai, October 17, 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 September 30, 2019.

For the second quarter of FY20, ZEEL reported consolidated revenue of Rs. 21,220 million. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.6,929 million with an EBITDA margin of 32.7%. PAT for the quarter was Rs. 4,132 million.

Mr. Punit Goenka, Managing Director and CEO, ZEEL, commented, “I am pleased with the performance we have exhibited during the quarter. Our entertainment portfolio continues to grow from strength to strength across all formats and maintained its leading position. Our television network has emerged stronger post the implementation of tariff order on the back of a strong customer connect and brand pull of its channels. ZEE5 continued to gain traction across audience segments and markets, driven by its compelling content library and expanding list of partnerships across the digital eco-system.

This strong operating performance allowed us to deliver industry leading growth in both advertising and subscription despite the tough macro-economic environment. Domestic subscription growth of 27% has reaffirmed the value proposition our television network has built over the years. The impact of tariff order has now largely settled down and has brought increased transparency along with improved monetization. Our domestic advertising revenue growth, though significantly lower than historical trend, is higher than the industry growth. We have witnessed an improvement in ad spends through the quarter and we believe that the onset of festive season along with measures taken by the government will help revive the consumption growth.”

BUSINESS PERFORMANCE

Domestic Broadcast Business

During 2QFY20, our television network had an all-India viewership share of 18.4%. While we have maintained our viewership share in the Hindi GEC segment, the network continues to strengthen its position the Hindi movie cluster and Regional portfolio.

Our channels have seen strong acceptance across markets under the new tariff regime, especially in the regional markets. Reach of all the pay channels had been impacted during the implementation of new tariff order. In the regional markets, there has been a strong revival of reach post the disruption in early days of the NTO, and in almost all these markets, recovery in reach has been better than competition.



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Zee TV was the #2 channel in the pay Hindi GEC segment, led by leadership in the core weekday primetime viewership band. Our strong movie library helped further consolidate our #1 position in the pay **Hindi movie genre**, recording its highest ever viewership share.

Our regional portfolio continued to gain traction across markets during the quarter. We maintained leadership position in the **Marathi, Bangla** and **Kannada** markets. While **Zee Tamil** and **Zee Telugu** witnessed a marginal decline in overall viewership due to high impact non-fiction shows launched by competition, the channels have maintained their share in the fiction genre. **Zee Keralam**, continued to gain share in the Malayalam market led by performance of fiction shows, reaching 8% viewership share in less than a year of launch. Our portfolio of regional movie channels – **Zee Talkies, Zee Bangla Cinema** and **Zee Cinemalu** continued to perform strongly. We continue to be on track for the launch of new regional channels, in line with our plans.

Digital Business

ZEE5, one of India's leading digital entertainment platform, continued to delight its audience with exciting and innovative content.

- ZEE5 recorded a peak DAU (Daily Active User) base of 8.9mn in September'19
- ZEE5 users watched an average of 120 minutes of content on the platform in September'19
- 23 original shows and movies in 5 languages launched during the quarter
- Launched ad-suite products Ampli5, Ad Vault, Infonomics, Play5 and Wish Box to offer holistic advertising solutions

ZEE5 continues to be the biggest producer of digital original content in India. Further strengthening its position during the quarter, ZEE5 launched 23 original shows and movies, of which 13 were in regional languages. While shows like *Rejctx* were targeted at millennials and early adopters of OTT, TV spin-off shows like *Ishq Aaj Kal* and *Jamai 2.0* were created to leverage the huge AVOD user base and drive them towards becoming paid subscribers. During the quarter, we entered into a content co-production deal with one of India's leading production houses, putting us in the pole position for original content line up. As part of this deal, 3 Hindi shows were released in the month of September, increasing the pace of expansion of original content library. ZEE5 also premiered 52 movies across languages, making it the default destination for audience seeking premium content.

To strengthen its proposition to advertisers, ZEE5 launched 5 ad-suite products – Ampli5, Ad Vault, Infonomics, Play5 and Wish Box. These products will allow ZEE5 to offer wide-ranging and customized advertising solutions to brands. It will help ZEE5 cater to a wider advertiser base and create deeper partnerships.



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ZEE5 is one of the most widely available entertainment platforms across telcos, OEMs, ISPs, and e-commerce platforms. During the quarter, ZEE5 entered into partnerships with TataSky Binge, IRCTC, OYO, Flipkart Coins and several other players in the digital eco-system. It is also available as a pre-installed app on select Samsung smartphones. Tapping one of the fastest growing Smart TV ecosystems with presence across 45 brands and comprehensive delivery across all Operating Systems gives ZEE5 an added advantage in distribution. Along with increasing reach, ZEE5 is gearing up to launch a renewed platform with a new UI/UX and additional functionalities on both app and web this quarter.

ZEE5's international expansion initiatives witnessed a strong traction in APAC and MENA markets of Sri Lanka, Bangladesh, Dubai and UAE. A mix of high-decibel launch campaigns and ground connect events has helped ZEE5 attract audience looking for quality Indian content. To maximize reach and revenue, ZEE5 is partnering with local telcos and content distributors in these countries. ZEE5 won the 'Digital Content Service of The Year' at the Telecoms World Middle East Awards 2019, Dubai, one of the most prestigious awards in the region.

International Business

During the quarter, ZEEL's International business revenue was Rs. 2,082 million. The advertising and subscription revenues declined by 4.0% YoY and 21.5% YoY, respectively. Break-down of international business revenues for the first quarter is as below:

- Advertisement Revenue of Rs. 557 mn
- Subscription Revenue of Rs. 776 mn
- Other Sales and Services Revenue of Rs. 749 mn

Movies & Music Business

Zee Studios, our movie production and distribution business, produced *Pal Pal Dil Ke Paas (Hindi)* and *Surkhi Bindi (Punjabi)* and distributed 2 movies in India. In addition, 6 films across 3 languages were distributed in the international territories during the quarter.

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 Q2. Zee Music Company is the second most subscribed Indian music channel on YouTube with over 44 million subscribers.

Live Events

Zee Live hosted Russel Peters for second season of *Supermoon Comic* with shows across Pune, Hyderabad and Ahmedabad. The upcoming events under Zee Live will see new IPs targeted at kids and an extension of *Supermoon* format to music events.



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CONDENSED STATEMENT OF OPERATIONS

Consolidated operating revenue for the second quarter of FY20 stood at Rs. 21,120 million, recording a growth of 7.4% on YoY basis. EBITDA for the quarter ended September 30, 2019 was Rs. 6,929 million, translating into EBITDA margin of 32.7%. Profit After Tax (PAT) for the quarter was Rs. 4,132 million.

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

<i>(Rs. million)</i>	Q2FY20	Q2FY19	Growth
Operating Revenue	21,220	19,759	7.4%
Expenditure	14,291	13,001	9.9%
EBITDA	6,929	6,757	2.5%
Add: Other Income	681	589	15.6%
Less: Depreciation	583	588	-0.9%
Less: Finance Cost	180	55	
Less: Fair Value Through P&L	87	220	
PBT before exceptional items	6,760	6,483	4.3%
Exceptional Items	-1,706	-	
PBT after exceptional items	5,054	6,483	-22.1%
Less: Tax Expense	921	2,624	-64.9%
Add: Share of Profit of Associates	(12)	2	
Less: Minority Interest	(11)	(6)	
Profit After Tax (PAT)	4,132	3,867	6.9%

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

<i>(Rs. million)</i>	Q2FY20	Q2FY19	Growth
Advertising revenue	12,247	12,106	1.2%
Subscription revenue	7,235	6,082	19.0%
Other sales and services	1,738	1,571	10.7%
Total Revenue	21,220	19,759	7.4%

Refer Notes A and B above



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Advertising revenues

During the second quarter, ZEEL's consolidated advertising revenue grew by 1.2% YoY to Rs. 12,247 million. Domestic advertising revenues grew by 1.4% YoY to Rs. 11,690 million. The domestic advertising revenue growth was impacted by the tough macro-economic environment which had a negative effect on demand across categories. The impact on growth due to conversion of two channels from FTA to pay in March continued during the quarter. As the quarter progressed, advertising spends witnessed a gradual improvement helped by the onset of festive season. The full year advertising growth will depend on the sustenance of this trend post the festive season.

Subscription revenues

ZEEL's consolidated subscription revenue grew by 19.0% to Rs. 7,235 million during the quarter. Domestic subscription revenue grew by 26.8% YoY while the International subscription revenue declined by 21.5% YoY. The acceleration in domestic subscription revenue growth is driven by sustained growth in viewership of our network. ZEEL's viewership share has almost doubled over the past decade due to success of the regional portfolio and genre expansion. However, this growth in viewership was not adequately monetized. The implementation of the new tariff order has led to alignment of channel prices with their popularity, allowing us to effectively monetise the viewership built over the years.

EXPENDITURE

ZEEL's total expenditure in Q2FY20 stood at Rs. 14,291 million, higher by 9.9% YoY compared to Q2FY19. The following table gives the break-down of costs.

(Rs. million)	Q2FY20	Q2FY19	Growth
Operating cost	8,962	7,263	23.4%
Employee cost	2,123	1,687	25.8%
A&P Expense	1,253	1,650	-24.1%
Other Expenses	1,953	2,400	-18.6%
Total Expense	14,291	13,001	9.9%

Refer Notes A and B above

Programming cost for the quarter increased by 23.4% YoY to Rs. 8,962 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. 3,206 million declined by 20.9% YoY. This fall is explained by a higher base in the corresponding quarter due to one-off provision pertaining to certain investments and higher CSR spends. The decline in ad spends is due to lower marketing spends by ZEE5 during the quarter.



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BALANCE SHEET

Particulars (INR mn)	Sep-20	Mar-19
ASSETS		
I) Non-current assets		
(a) Property, plant and equipment	7,256	5,959
(b) Capital work-in-progress	384	1,083
(c) Investment property	1,538	1,551
(d) Goodwill	5,252	5,252
(e) Other Intangible assets	1,232	1,383
(f) Intangible assets under development	492	478
(g) Financial Assets		
(i) Investments		
(a) Investments in associates	8	3
(b) Investments in joint ventures	223	217
(c) Other investments	602	969
(ii) Other financial assets	557	523
(h) Income tax assets (Net)	4,477	7,982
(j) Other non-current assets	346	591
Total non-current assets	22,364	25,991
II) Current assets		
(a) Inventories	43,059	38,505
(b) Financial assets		
(i) Other Investments	8,478	8,576
(ii) Trade receivables	24,185	18,274
(iii) Cash and cash equivalents	4,860	9,677
(iv) Bank balances other than (iii) above	986	2,541
(v) Loans	285	2,135
(vi) Other financial assets	13,760	10,055
(c) Other current assets	14,654	13,576
Total current assets	110,267	103,339
Total Assets (I + II)	132,631	129,330



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BALANCE SHEET

Particulars (INR mn)	Mar-19	Mar-19
EQUITY AND LIABILITIES		
A) Equity		
(a) Equity Share capital	961	961
(b) Other equity	93,991	88,279
Equity attributable to shareholders (a) + (b)	94,951	89,239
Non-controlling interests	110	143
Total equity	95,061	89,382
B) Liabilities		
I) Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings		
Redeemable preference shares	7,059	7,409
Others	306	20
(b) Provisions	1,671	1,350
Total non-current liabilities	9,036	8,779
II) Current liabilities		
(a) Financial liabilities		
(i) Trade payables	14,075	14,897
(ii) Other financial liabilities		
Redeemable preference shares	3,530	3,704
Others	6,582	8,029
(b) Other current liabilities	1,156	1,096
(c) Provisions	134	101
(d) Current Tax liabilities (net)	2,234	2,080
(e) Deferred tax liabilities (net)	824	1,262
Total current liabilities	28,535	31,169
Total liabilities (I + II)	37,571	39,948
Total equity and liabilities (A + B)	132,631	129,330



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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.