

EARNINGS RELEASE FOR THE QUARTER ENDED JUNE 30, 2016

Advertising Revenues of Rs 9,120 Mn, Up 19.2% YoY

Subscription Revenues of Rs 5,282 Mn, Up 14.2% YoY

Consolidated Operating Revenues of Rs 15,716 Mn, Up 18.5% YoY

EBITDA of Rs 4,532 Mn; EBITDA Margin of 28.8%

Profit after Tax of Rs 2,181 Mn; PAT Margin of 13.9%

Q1 HIGHLIGHTS

- ❖ Advertising revenues for the quarter were Rs 9,120 million, recording a growth of 19.2% over Q1 FY16. During the quarter, domestic advertising revenues stood at Rs 8,415 million while international advertising revenues stood at Rs 705 million.
- ❖ Subscription revenues were Rs 5,282 million for the quarter ended June 30, 2016 recording a growth of 14.2% over Q1 FY16. During the quarter, domestic subscription revenues stood at Rs 4,179 million while international subscription revenues stood at Rs 1,103 million.
- ❖ Consolidated operating revenues for the quarter stood at Rs 15,716 million, recording a growth of 18.5% as compared to the corresponding quarter last fiscal.
- ❖ Operating profit (EBITDA) for the quarter stood at Rs 4,532 million. EBITDA margin stood at 28.8%
- ❖ Profit after Tax (PAT) for the quarter ended June 30, 2016 was Rs 2,181 million. PAT Margin stood at 13.9%.

The company has adopted Ind-AS reporting methodology for reporting its financials commencing Q1 FY2017. Like-to-like financials for previous quarters (Q1 FY2016) have been restated accordingly.

Mumbai, July 26, 2016: Zee Entertainment Enterprises Limited (ZEE) (BSE: 505537, NSE: ZEEL.EQ) today reported its first quarter fiscal 2017 consolidated revenue of Rs 15,716 million. The consolidated operating profit (EBITDA) for the quarter stood at Rs 4,532 million. PAT for the quarter was Rs 2,181 million. The EBITDA margin for the quarter stood at 28.8% and the PAT margin was 13.9%.

The Board of Directors in its meeting held today, has taken on record the unaudited consolidated financial results of ZEE and its subsidiaries for the quarter ended Jun 30, 2016.

Dr. Subhash Chandra, Chairman, ZEEL, stated, “Buoyed by the news of a normal monsoon and the implementation of various legislative reforms, the Indian economy is expected to continue its steady growth. The government’s acceptance of new pay commission recommendations is good news as it will boost consumer spending. Although the investment activity might still take some time to pick-up, the government’s plan to double agricultural income, if executed, augurs well for the overall economy.”

Commenting on the results of the Company, Dr. Chandra added, “As for the performance of the company, the financial results once again highlight the strong underlying fundamentals of the company. The advertising and subscription revenues continue to drive the company’s growth. Taking a long term view of the business trends we are committed to become a global content company and will make suitable investments to achieve that objective.”

Mr. Punit Goenka, Managing Director & Chief Executive Officer, ZEEL, commented, “We have started the new fiscal on a positive note, delivering successful result in the first quarter. On the back of continued steady economic recovery, the company once again managed to outperform the market. The advertising growth is holding up and the subscription revenue is maintaining a steady growth. While the advertising could receive a fillip if the consumer spending improves, on the subscription front the industry awaits the regulatory guidelines which will shape the subscription revenue growth over the next few quarters.

The preference of the consumers keeps on evolving with time and we have consistently stayed ahead of the curve, and in many cases helped shape it. As an entertainment company, it is imperative for us to experiment with new content and innovate new formats, and we will continue to do so. We are making investments in new growth verticals with an aim that they will start contributing to company’s success in the future. An effort in this direction was the relaunch of company’s paid OTT platform dittoTV with new subscription plans. Our movie production business has started delivering results which is evident with movies like Sairat which became the highest grossing Marathi movie of all time.”

BUSINESS PERFORMANCE

During the quarter, **Zee TV** was ranked third amongst the Hindi General Entertainment Channels. The channel was led by top rated shows like *Kumkum Bhagya*, *Ek Tha Raja Ek Thi Rani*, *Jamai Raja* and *SaReGaMaPa*.

&tv maintained its share in the urban GEC genre. The channel continued to innovate new content formats and concepts. *Jai Santoshi Maa* and *Bhabhiji Ghar Pe Hain* were the leading shows on the channel during the quarter. Indian adaptation of the successful international talent show *So You Think You Can Dance* was launched during the quarter.

ZEE's FTA Channel **Zee Anmol** was the number 2 channel in the FTA GEC category during the quarter. The channel launched several shows from the catalogue like *Kasam Hai Tujhe*, *Afsar Bitiya* and *India's Best Dramebaaz*. Shows like *Jodha Akbar*, *Bandini* and *Meri Doli Tere Angana* were the top performing shows on the channel.

ZEE's **Hindi Movie Cluster** of Zee Cinema, &pictures, Zee Classic and Zee Action continued to lead the genre with the highest viewership share. This quarter saw the world television premiere of movies like *Ghaayal Once Again*, *Welcome Back* and *Tamasha*.

Zee Marathi continued its lead as the number 1 channel in its genre with more than 50% market share. The channel was the slot leader in 7 of the 9 prime time slots led by top rated fiction shows like *Jai Malhar*, *Kahe Diya Pardes* and *Nanda Saukyabhare*. The non-fiction show *Chala Hava Yeun Dya* continues to be the top performing property across channels.

Zee Bangla increased its market share as the number 2 player in the Bangla GEC genre. The channel continued its strong leadership in the non-fiction genre with shows like *Dadagiri Unlimited* and the newly launched *Happy Parent's Day*. Fiction shows like *Deep Jwele Jai*, *Bhutu* and *Amar Durga* were the slot leaders in Urban market.

During the quarter, **Zee Telugu** increased its market share to become the number 1 channel in the Telugu GEC genre. The channel was the leader in the fiction genre, with *Muddha Mandaram* being the most watched show in Telugu and shows like *Varudhini Parinayam* and *Rama Seetha* which were the slot leaders. Zee Telugu is also the leader in weekday prime time viewership with 7 of the 10 top shows in urban market belonging the channel.

Zee Kannada increased its market share to become the number 2 in the Kannada GEC genre during the quarter. Top rated shows on the channel were *Naagini*, *Ganga* and *Drama Junior*.

Zee Tamil increased its market share by 48% to establish itself as the number 3 channel in the Tamil GEC genre. Newly launched shows like *Iniya Iru Malargal*, *Mr. & Mrs. Kiladi* and *Nagarani* helped propel channel's ratings.

Sarthak TV, the latest addition to the bouquet of ZEEL's regional offerings maintained its strong number 1 position in the Oriya market with over 50% market share. The channel has a strong leadership in both fiction as well as non-fiction genre.

The Network's English entertainment channels - Zee Café and Zee Studio continue to perform well in their respective genres. **Zee Café** was the number 2 channel in the English GEC genre with *Two and a Half Men Season 9-11* and *Gotham Season 2* being the key shows launched on the channel during the quarter. The English movie channel **Zee Studio** enthralled the audience with the premiere of blockbuster Hollywood movies like *The Amazing Spiderman* and *Captain America – The Winter Soldier*.

The key properties on our **Sports channels** bouquet during the quarter included telecast of *Zimbabwe vs India cricket series*, *WI-Australia-SA cricket series*, *UEFA Champions League football final* and *WWE* among others. The forthcoming quarter would see the telecast of sporting events like *West Indies vs India cricket series*, *Sri Lanka vs Australia cricket series*, *US Open* and *Tour de France* among others. The sports business revenue in the first quarter of FY2017 was Rs 1,700 million, while the cost incurred in this quarter was Rs 1,529 million.

ZEE's **International business** continues to perform strongly driven by global demand for our products. ZEE intends to continue to grow this business and ensure timely and appropriate investments to capitalize on this opportunity. For the quarter ended June 30, 2016 the international business did

- Advertisement Revenue of Rs 705 Mn
- Subscription Revenue of Rs 1,103 Mn
- Other Sales and Services of Rs. 598 Mn
- Total Revenue of Rs 2,406 Mn

The highlights of the International Operations during the quarter were as follows:

- Americas
 - Zee TV continued to garner the highest viewership share among South Asian networks



- Europe
 - &tv featured in the top 10 channels in UK for the months of April and May
 - Zee Russia continued its lead in the thematic channel pack

- MENAP
 - Zee TV was the number 1 channel and Zee Cinema was the number 2 channel among South Asian expats in their respective genres in the UAE
 - Zee Aflam retained its position as the number 3 movie channel in the All Arabs target audience in Saudi Arabia.

- APAC
 - Zee Sine – Bollywood movie channel dubbed in local language launched in Philippines

CONDENSED STATEMENT OF OPERATIONS

The company has adopted Ind-AS reporting methodology for reporting its financials commencing Q1 FY2017. Like-to-like financials for previous quarters (Q1 FY2016) have been restated accordingly. The table below presents the condensed statement of operations for ZEE and its subsidiaries for the first quarter of FY2017 versus FY2016:

<i>(Rs million)</i>	First Quarter		% Growth
	FY 2017 (Unaudited)	FY 2016 (Unaudited)	
Operating Revenues	15,716	13,267	18.5%
Expenditure	11,185	10,121	10.5%
Operating profit (EBITDA)	4,532	3,146	44.1%
Add: Other Income	734	687	6.9%
Less: Depreciation	251	167	50.4%
Less: Finance Cost	75	77	-2.6%
Less: Fair Value through Profit and Loss	1,132	603	87.7%
Profit Before Tax	3,807	2,985	27.5%
Less: Tax Expense	1,626	1,189	36.7%
Profit After Tax for the Period	2,181	1,796	21.5%
Add: Share of Profit / (Loss) of Associates	(11)	(15)	
Less: Minority Interest	1	(1)	
Other Comprehensive Income	33	156	

NOTES

A: Previous period figures have been regrouped wherever necessary.

B: Numbers may not add up due to rounding

Consolidated operating revenues for the first quarter of FY2017 stood at Rs 15,716 million, recording a growth of 18.5% on a y-o-y basis. Operating profit (EBITDA) for the quarter ended June 30, 2016 was Rs 4,532 million. EBITDA margin for the quarter stood at 28.8%. Profit After Tax (PAT) for the quarter ended June 30, 2016 was Rs 2,181 million. PAT margin for the quarter stood at 13.9%.

REVENUE STREAMS

ZEE's revenues are generated primarily from advertising sales and subscription revenues. The following table sets forth the percentage of revenues that each type contributes to consolidated revenues in the first quarter of FY2017 and FY2016.

(Rs million)	First Quarter		% of total revenues		% Growth
	FY2017	FY2016	FY2017	FY2016	
Advertising revenue	9,120	7,653	58%	58%	19.2%
Subscription revenue	5,282	4,625	34%	35%	14.2%
Other sales and services	1,315	988	8%	7%	33.0%
Total Revenues	15,716	13,267	100%	100%	18.5%

Refer Notes A and B above

ZEE's advertising revenues during the quarter were Rs 9,120 million, showing an increase of 19.2% y-o-y. Total subscription revenues for the quarter were Rs 5,282 million. During the current quarter, domestic subscription revenues stood at Rs 4,179 million registering a growth of 13.5% over corresponding period last fiscal, while international subscription revenues were Rs 1,103 million, up 16.7% over last fiscal.

Other sales and services include syndication sales, film distribution, commission on sales, play out & transmission services, facility usage income among others. During the quarter, other sales and services stood at Rs 1,315 million. The company had recorded revenue of Rs 988 million under this head during the corresponding period last fiscal.

EXPENDITURE

ZEE's main expenses include cost of goods and operations, employee cost, and administrative and selling expenses. The following table sets forth the percentage of costs that each type contributes to consolidated expenses for the first quarter of FY2017 as compared to the corresponding period last year.

(Rs million)	First Quarter		% of total expenses		% Growth
	FY2017	FY2016	FY2017	FY2016	YoY
Operating cost	6,575	6,041	59%	60%	8.8%
Employee cost	1,499	1,314	13%	13%	14.1%
Selling & other expenses	3,110	2,766	28%	27%	12.4%
Total Expenses	11,185	10,121	100%	100%	10.5%

Refer Notes A and B above

Operating cost in the quarter was Rs 6,575 million as compared to Rs 6,041 million in the corresponding period last fiscal, an increase of 8.8%. Employee cost for the quarter stood at Rs 1,499 million going up by 14.1% over the corresponding period last fiscal. Selling & other expenses in the quarter were at Rs 3,110 million, as compared to Rs 2,766 million in the corresponding period last fiscal, registering an increase of 12.4%. Total costs incurred by the Company in this quarter were Rs 11,185 million, an increase of 10.5% over the corresponding period last fiscal.

CORPORATE DEVELOPMENTS

- During the quarter, the Company acquired (a) 49% equity stake in Fly-by-Wire International Pvt Ltd; and (b) 100% equity stake in Zee Unimedia Limited. Additionally, Asia TV Ltd, UK a step-down wholly owned overseas subsidiary of the Company formed as wholly owned subsidiary Asia TV GmbH in Germany.
- Upon receipt of all approvals, the face value of Listed Preference Shares of the Company were consolidated from Re 1 to Rs 10 each and these Preference Shares of Rs 10 each were listed on the Stock Exchanges with effect from April 7, 2016.
- Subsequent to the quarter ended June 30, 2016, Taj Television (India) Pvt Ltd, a wholly owned subsidiary has paid interim dividend of Rs 1,300 million to the Company.

SHAREHOLDING PATTERN

The total shares outstanding of the Company as of June 30, 2016 are 960,448,720. The shareholding pattern as of June 30, 2016 is given below:

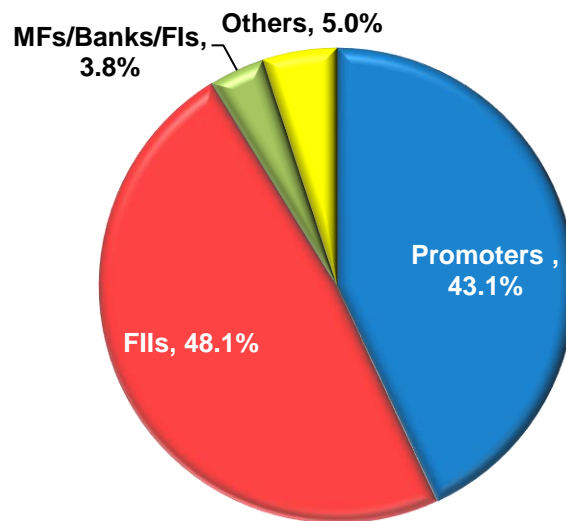



Figure: Shareholding pattern as on June 30, 2016














































Note: This earnings release contains consolidated results that are unaudited, and prepared as per Indian Accounting Standards (Ind-AS).

CHANNEL PORTFOLIO



॥ VASUDHAIVA KUTUMBAKAM ॥
THE WORLD IS MY FAMILY

171 COUNTRIES | 33 DOMESTIC CHANNELS | 38 INTERNATIONAL CHANNELS
1+ BN VIEWERS | 222,000+ HOURS OF TV CONTENT

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 (“ZEE”)

Zee Entertainment Enterprises Limited is one of India's leading television media and entertainment companies. It is amongst the largest producers and aggregators of Hindi programming in the world, with an extensive library housing over 222,000 hours of television content. With rights to more than 3,800 movie titles from foremost studios and of iconic film stars, ZEE houses the world's largest Hindi film library. Through its strong presence worldwide, ZEE entertains over 1 billion viewers across 171 countries.

Pioneer of television entertainment industry in India, ZEE's well-known brands include Zee TV, &tv, Zee Cinema, Zee Action, Zee Classic, &pictures, Zee Anmol, Ten 1, Ten 2, Ten 3, Zee Cafe, Zee Studio, Zee Salaam, Zing, ETC Bollywood, Zee Q and Zindagi. The company also has a strong offering in the regional language domain with channels such as Zee Marathi, Zee Talkies, Zee Bangla, Zee Bangla Cinema, Zee Telugu, Zee Kannada, Zee Tamil and Sarthak TV. The company's HD offerings include Zee TV HD, Zee Cinema HD, &tv HD, Zee Studio HD, Zee Café HD, &pictures HD, Ten 1 HD and Ten Golf 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 ZEE and its businesses is available on www.zeetelevision.com.