

Strong Revenue Growth Continues in Quarter Ended September 2016

Advertising Revenues of Rs 9,592 Mn, Up 15.7% YoY

Subscription Revenues of Rs 5,833 Mn, Up 21.7% YoY

Consolidated Operating Revenues of Rs 16,954 Mn, Up 23.0% YoY

EBITDA of Rs 4,892 Mn; EBITDA Margin of 28.9%

Launched five new channels in domestic and international markets in Q2

Q2 HIGHLIGHTS

- ❖ Advertising revenues grew by 15.7% over Q2FY16 to Rs 9,592 million. Domestic advertising revenues were Rs 8,800 million while International advertising revenues stood at Rs 792 million for the quarter.
- ❖ Subscription revenues were Rs 5,833 million for the quarter ended September 30, 2016 recording a growth of 21.7% over Q2FY16. During the quarter, domestic subscription revenues stood at Rs 4,675 million while international subscription revenues stood at Rs 1,158 million.
- ❖ Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter stood at Rs 4,892 million and EBITDA margin stood at 28.9%.
- ❖ The Company launched 5 new channels during the quarter – 3 in Domestic market and 2 in International market.
- ❖ Zee Studios, the movie production arm, released Akshay Kumar starrer 'Rustom', which became one of the highest grossing Hindi movie of the year. Our Live Events business rolled out its first event, 'Wicked Weekends' across the country.

The company has adopted IND-AS for preparation and presentation of financial statements from Q1 FY2017. Financial statement(s) for corresponding previous quarter (Q2 FY2016) has been restated accordingly.



Mumbai, October 25, 2016: The Board of Directors in their meeting held today, have taken on record the unaudited consolidated financial results of Zee Entertainment Enterprises Limited (ZEE) (BSE: 505537, NSE: ZEEL.EQ) and its subsidiaries for the quarter ended September 30, 2016.

ZEE's consolidated revenues grew by 23.0% in Q2FY17 to Rs 16,954 million driven by strong growth in all revenue streams. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter was Rs 4,892 million and EBITDA margins stood at 28.9%, respectively. ZEE recorded PAT of Rs 2,440 million in Q2FY17 and PAT margin stood at 14.4%.

Dr. Subhash Chandra, Chairman, ZEEL, stated, "Initial signs of uptick in Indian economy are already visible and we should see improvement in economic growth in quarters ahead. Normal monsoon in 2016 after a gap of two years should spur the rural growth. The passage of GST bill is a positive step and would help Indian economy.

Commenting on the results of the Company, Dr. Chandra added, "ZEE reported well-rounded strong growth in revenues during the first half of fiscal 2017. While we continue to add new channels to our domestic and international broadcasting businesses our new initiatives in movies, music, events and digital are taking shape and have started contributing to growth."

Mr. Punit Goenka, Managing Director & Chief Executive Officer, ZEEL, commented, "At ZEE we are pleased to deliver yet another quarter of satisfying business and financial performance. Our advertising revenues continue to grow ahead of market on the back of improving viewership share and better monetization of our bouquet. Growth in domestic subscription revenue was aided by catch up revenue in Q2."

Telecom Regulatory Authority of India (TRAI) has released draft regulations for broadcasting services and interconnection arrangement to increase transparency in content pricing and payment of carriage and to allow consumers to choose channels. These draft regulations are steps in the right direction and propose a host of changes to the existing system. Although it still remains to be seen what form the final regulation will take, we hope that improved transparency will enable various stakeholders to get their rightful share in subscription revenues.

The first half of fiscal 2017 has been strong for us. Growth in advertisement spends has held up so far. Moderation in FMCG and e-commerce spends might have some impact on industry growth in the coming quarters. On the positive side increasing competition in telecom business would help ad spend growth. GST roll-out in the coming year could boost advertising spends as a part of potential savings in tax outgo might be reinvested."

BUSINESS PERFORMANCE

Broadcasting Business

During Q2FY17 ZEE network's viewership share, excluding sports, increased by 0.9% as compared to Q1FY17. The company launched three new channels in domestic market - **Zee Anmol Cinema**, a Hindi movie channel for FTA audience; **Zee Yuva**, a youth focused Marathi GEC which would help us consolidate our dominant position in the Marathi market; and **Zee Cinemalu**, a movie channel in Telugu language, which will help us to increase our reach and expand viewer base in the market. In the month of October we refreshed content of **Zindagi**, our premium Hindi GEC. With increasing uptake of HD we are in process of launching HD version of our regional channels.

The quarter saw an improvement in our ranking and viewership share in **Hindi GEC genre**. The two national GECs, **Zee TV** and **&tv**, had a combined share of 24% in the genre. Our flagship channel, Zee TV, was the second ranked Hindi GEC for the quarter.

In **Hindi movie genre** we continued to retain our leadership position through our seven channels.

We retained our strong position in the **regional entertainment space**. **Zee Marathi** continues to dominate the Marathi market with 55% viewership share. **Zee Bangla** increased its viewership share to 40% in Bangla genre. In Telugu market, **Zee Telugu** was ranked third most viewed channel. **Zee Kannada** retained its number two position in Karnataka market. **Zee Tamil** made rapid strides in Tamil market and was the second ranked channel in the months of August and September. **Sarthak TV** continued to be the market leader in Oriya market.

Our **English cluster** continues to perform well bringing the best entertainment content and movies from around the world.

The key properties on our **Sports channels** in Q2 included telecast of *West Indies vs India, Sri Lanka vs Australia, New Zealand vs Zimbabwe, New Zealand vs South Africa* and *Pakistan vs West Indies* cricket series. The sports business reported revenues of Rs 2,125 million and costs of Rs 2,293 million in the second quarter.



International Business

ZEE's **International business** continues its strong performance driven by global demand for our content. We launched two new channels – **Zee One** and **Zee Mundo** in international markets. This takes our total number of international channels to 40 and channels dedicated to native audience to 12. Zee Mundo is targeted at Spanish speaking Hispanic population in USA and Zee One is a Bollywood movie channel in Germany which airs movies dubbed in German. For the quarter ended September 30, 2016 the international business did

- Advertisement Revenue of Rs 792 Mn
- Subscription Revenue of Rs 1,158 Mn
- Other Sales and Services of Rs. 672 Mn
- Total Revenue of Rs 2,622 Mn

Other Businesses

Zee Studios, our movie production arm, released Akshay Kumar starrer “Rustom”, a crime thriller. The movie has become one of the highest grossing Hindi movie for the year.

Zee Music Company, our music label, has built significant market share, especially in acquisition of music rights of new Hindi movies. In Q2 our music network registered more than a billion views on Youtube, a significant milestone for our 2 year old music publishing business.

The **Live Events** business rolled out its first property, ‘Wicked Weekends’ which is a series of 40 events across 6 cities. The business will launch plays produced by the theatre division across country in the coming months.

During the quarter **Ditto TV**, our pay OTT platform, reduced its subscription price. The platform clocked ~200 million video views in Q2.

FINANCIAL PERFORMANCE

Consolidated operating revenues for the second quarter of FY2017 stood at Rs 16,954 million, recording a growth of 23.0% on a y-o-y basis. EBITDA for the quarter ended September 30, 2016 was Rs 4,892 million translating into EBITDA margin of 28.9%. Profit After Tax (PAT) for the quarter ended September 30, 2016 was Rs 2,440 million. PAT margin for the quarter stood at 14.4%. The following table presents the condensed consolidated financial statement of ZEE and its subsidiaries for the first quarter of FY2017 versus FY2016:

<i>(Rs million)</i>	Second Quarter		% Growth
	FY 2017	FY 2016	
Operating Revenues	16,954	13,786	23.0%
Expenditure	12,062	10,200	18.3%
Operating profit (EBITDA)	4,892	3,586	36.4%
Add: Other Income	432	595	-27.3%
Less: Depreciation	336	197	70.9%
Less: Finance Cost	86	82	3.9%
PBT before exceptional items	4,074	3,359	21.3%
Less: Tax Expense	1,634	1,127	45.0%
Profit After Tax after Exceptional Items	2,440	1,902	28.3%
Add: Share of Profit / (Loss) of Associates	(56)	(19)	
Less: Minority Interest	0	6	
Other Comprehensive Income	(185)	533	

NOTES

A: Previous period figures have been regrouped wherever necessary.

B: Numbers may not add up due to rounding

REVENUE STREAMS

ZEE has three sources of revenues - advertising sales, subscription and Other Sales and Services. Other sales and services include revenue from our movie production business, content syndication, music label and commission on sales amongst others. The sharp increase in other sales and services in Q2FY17 is due to higher revenues from the movie business on account of release of Hindi movie Rustom and syndication revenues from several cricket series played during the quarter. The following table contains break-down of consolidated revenues by streams.

(Rs million)	Second Quarter		% of total revenues		% Growth
	FY2017	FY2016	FY2017	FY2016	
Advertising revenue	9,592	8,290	57%	60%	15.7%
Subscription revenue	5,833	4,791	34%	35%	21.7%
Other sales and services	1,529	705	9%	5%	117.0%
Total Revenues	16,954	13,786	100%	100%	23.0%

Refer Notes A and B above

ZEE's consolidated advertising revenues grew by 15.7% in Q2FY17, ahead of the industry. This strong growth is despite the high base created by 34.7% y-o-y growth in Q2FY16. We have been able to deliver strong growth even though there was moderation in ad spends, especially, from e-commerce segment and slight drop in ratings of flagship GEC in the previous quarter. This reflects the strength of our diversified portfolio.

Total subscription revenues in Q2 grew by 21.7% to Rs 5,833 Million. The strong growth in domestic subscription revenue is attributable to early closure of content deals this year as compared to the previous years. It also includes catch-up revenues for the previous quarter. Unlike earlier years the growth in domestic subscription revenues in FY17 will be skewed towards H1. The outlook for full year growth in domestic subscription revenue remains unaltered.

EXPENDITURE

ZEE's total expenditure in Q2FY17 stood at Rs 12,062 Million, higher by 18.3% as compared to Q2FY16. The following table sets forth the break-down of costs and increase y-o-y.

(Rs million)	Second Quarter		% of total expenses		% Growth
	FY2017	FY2016	FY2017	FY2016	YoY
Operating cost	7,688	6,032	64%	59%	27.5%
Employee cost	1,533	1,197	13%	12%	28.1%
Advertisement & Publicity expenses	1,153	1,170	10%	11%	-1.5%
Other Expenses	1,688	1,801	14%	18%	-6.3%
Total Expenses	12,062	10,200	100%	100%	18.3%

Refer Notes A and B above

The operating costs in the quarter increased by 27.5% y-o-y to Rs 7,688 million. This sharp growth is attributable to telecast of several cricketing events and release of Rustom movie. Employee cost in Q2 stood at Rs 1,532 million higher by 28.1% over the corresponding period last fiscal. Besides annual increments the increase in headcount for new and international



businesses drove this growth. Advertising, publicity & other expenses for the quarter were lower by 4.3% at Rs 2,841 Million.

CONSOLIDATED BALANCE SHEET

Particulars	Sep - 16
A) ASSETS	
Non-Current Assets	
(a) Property, plant and equipment	3,765
(b) Capital work-in-progress	1,512
(c) Intangible assets	9,304
(d) Investment Property	968
(e) Financial Assets	
Investments	1,824
Other financial assets	1,270
(f) Advance tax (Net)	3,909
(f) Deferred tax assets (net)	745
(g) Other non-current assets	935
Total non-current assets	24,231
Current Assets	
(a) Inventories	14,481
(b) Financial assets	
Current investments	10,363
Trade receivables	17,035
Cash and cash equivalents	4,091
Other balances with banks	1,037
Loans	1,500
Other financial assets	1,534
(c) Other current assets	8,872
Total Current Assets	58,914
Total Assets	83,145

Particulars	Sep - 16
(B) EQUITY AND LIABILITIES	
Equity	
(a) Share capital	960
(b) Other equity	48,909
Total equity	49,870
Minority Interest	26
Liabilities	
Non-current Liabilities	
(a) Long-term borrowings	19,088
(b) Long-term provisions	725
(c) Advances received	379
Total non-current liabilities	20,192
Current Liabilities	
(a) Financial liabilities	
Trade payables	5,313
Other financial liabilities	3,779
(b) Provisions	68
(c) Tax liabilities (net)	1,465
(d) Other current liabilities	2,433
Total current liabilities	13,057
Total Equity & Liabilities	83,145

CORPORATE DEVELOPMENTS

During the quarter under review:

- The Company had approved sale and transfer of its 'Sports Broadcasting Business' held under / through two (2) wholly owned non-material subsidiaries viz. Taj TV Ltd, Mauritius and Taj Television (India) Pvt Ltd to Sony Pictures Networks India Private Ltd and its affiliates at an aggregate all-cash consideration of USD 385 Million; Pending fulfilment of certain conditions precedent and closure, this proposed sale and transfer has not been given effect in these financial results.
- As part of expansion of International operations, Asia Today Limited, Mauritius, a step down wholly owned overseas subsidiary of the Company, entered into an agreement for lease of Dubai's one of the oldest Radio Frequency 106.2 FM from Emirate of Umm Al Quwain, effective January 2017.

SHAREHOLDING PATTERN

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

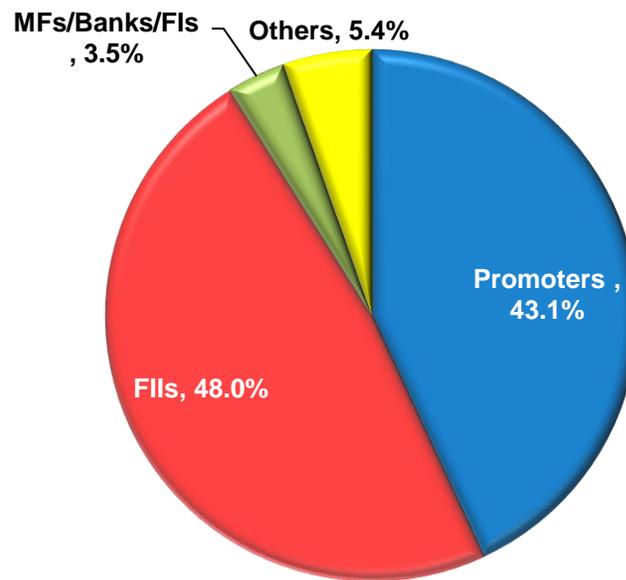


Figure: Shareholding pattern as on September 30, 2016



Note: This earnings release contains consolidated results that are unaudited, and prepared as per Indian Generally Accepted Accounting Principles (GAAP).

CHANNEL PORTFOLIO



|| VASUDHAIVA KUTUMBAKAM ||
THE WORLD IS MY FAMILY

171 COUNTRIES | 36 DOMESTIC CHANNELS | 40 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 Anmol, Zee Cinema, Zee Action, Zee Classic, &pictures, Zee Anmol Cinema, 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 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, 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.