

July 30, 2019


**Current Price: ₹ 387.35**
**STOCK DATA**

BSE Code	505537
NSE Symbol	ZEEL
Reuters	ZEE.BO
Bloomberg	Z IN

**VALUE PARAMETERS**

52 W H/L(Rs)	540.40/288.95
Mkt. Cap.(Rs Cr)	37204.26
Latest Equity(Subscribed)	96.05
Latest Reserve (cons.)	8827.9
Latest EPS (cons.) -Unit Curr.	18.59
Latest P/E Ratio -cons	20.84
Latest Bookvalue (cons.) -Unit Curr.	92.91
Latest P/BV - cons	4.17
Dividend Yield -%	0.90
Face Value	1.00

**SHARE HOLDING PATTERN (%)**

Description as on	% of Holding (AS ON 30 Jun 2019)
Foreign	47.34
Institutions	11.24
Govt Holding	0.15
Non Promoter Corp. Hold.	1.94
Promoters	35.8
Public & Others	3.54

**Consolidated Financial Results**

	Quarter ended Jun. 19	Quarter ended Jun. 18	In Cr. Var. (%)
Total Income	2008.12	1772.03	13
OPM (%)	36.23	30.72	
OP	727.63	544.36	34
Other income	106.21	51.51	106
PBIDT	833.84	595.87	40
Net Finance Charges	20.51	5.29	288
PBDT	813.33	590.58	38
Depreciation	68.99	57.64	20
PBT	744.34	532.94	40
Tax expense	214.58	207.06	4
PAT	529.76	325.88	63
Minority Interest	-0.81	-0.50	62
Profit after Minority Interest and Share of profit of Associates	530.57	326.38	63
EPS (Rs)	5.52	3.40	

**Zee Entertainment Enterprises Ltd. reported a bigger-than-expected quarterly profit on the back of growth in domestic broadcast and digital businesses.**

Total revenue for the quarter rose 13 per cent to Rs 2,008.12 crore driven by domestic broadcast and digital businesses. Domestic subscription revenues rose 46.7 per cent and domestic advertising revenue were up 4.2 per cent.

Domestic advertising growth was considerably lower than the growth in past quarters. ZEE5 global MAUs and DAUs stood at 76.4 mn and 6.6 mn, respectively, in the month of June. ZEEL maintained its position as the #1 all-India television entertainment network.

Other income grew 106% to Rs 106.21 crore and interest cost jumped 288% to Rs 20.51 crore. As depreciation grew 20% to Rs 68.99 crore, PBT went up by 40% to Rs 744.34 crore.

Zee Entertainment consolidated profit for the June quarter jumped 63 per cent to Rs 530.57 crore compared with Rs 326.38 crore profit in the same quarter last year.

**BUSINESS PERFORMANCE**
**Domestic Broadcast Business**

During 1QFY20, ZEEL maintained its position as the #1 network in the non-sports entertainment segment with an all-India viewership share of 18.7%. The implementation of tariff order is impacting the reach and viewership of all the leading broadcast networks during the transition phase. Additionally, the viewership was also impacted due to the conversion of two leading FTA channels into pay channels. Despite these developments, ZEEL continues to strengthen its position in the pay-TV ecosystem.

Zee TV was the #2 channel in the pay Hindi GEC segment, led by leadership in the core weekday primetime viewership band. The channel's viewership experienced temporary

weakness during the movement to the new tariff regime but saw an improvement towards the end of the quarter. Our strong movie library helped further consolidate our #1 position in the pay Hindi movie genre.

Our regional portfolio continued to gain traction across markets during the quarter. We maintained leadership position in the Marathi, Bangla and Kannada markets. Zee Tamil continued to increase its market share on the back of strong performance of fiction shows. We are confident that with our consumer-centric approach and insight driven creative output, we will continue to build market share. Zee Telugu and Zee Sarthak were the #2 channels during the quarter. Our youngest regional channel, Zee Keralam, continued to gain share in the Malayalam market led by performance of the fiction shows. Our portfolio of regional movie channels – Zee Talkies, Zee Bangla Cinema and Zee Cinemalu continued to perform strongly.

### **Digital Business**

With an expanding line-up of exclusive content and tie-ups with partners in the digital ecosystem, ZEE5 continued to strengthen its position as the go-to platform for on-demand entertainment.

#### **ZEE5 performance**

- In June'19, ZEE5 had 76.4 mn monthly active users (MAU) globally
- The platform had a global daily active user (DAU) base of 6.6 mn in June'19
- ZEE5 users spent an average of 33 minutes per day on the platform
- ZEE5 was recognized amongst the top-5 'Impactful Debuts' in the ninth edition of the Pitch Top 50 Brands Awards

#### **Strong line-up of Original Content**

ZEE5 continues to expand its catalogue of digital exclusive content to cater to its diverse consumer base. During the quarter, ZEE5 launched 18 Original shows and movies, of which 7 were in regional languages. The platform is building its content library on the 3 Rs – Real, Relevant, and Resonant, and continues to experiment with new genres and concepts. Be it shows like Kaafir and Bombers (Hindi), Water Bottle (Bengali), Thiravam and Postman (Tamil) and movies like Badnaam Gali (Hindi), Onek Diner Pore (Bengali), ZEE5 aims to push the content boundaries across languages. Many of these shows and movies were critically acclaimed and helped ZEE5 grow its paid subscriber base. To enable access to a wider consumer base, every original content is dubbed in six languages along with English subtitles. With a growing catalogue of original content and premium movies, ZEE5 has established itself as the destination for consumers looking for differentiated content.

#### **Partnerships across the value chain**

In its endeavor to reach a wider consumer base, ZEE5 is entering into partnerships with players across the digital eco-system. ZEE5 is already integrated with all the major telecom networks and connected devices, driving higher reach and engagement. During the quarter, ZEE5 entered into partnership with Hathway and ACT Fibernet to offer bundled package to consumers. To expand its footprint, ZEE5 has tied up with players in the online eco-system like Mynta, Qwiksilver, Netmeds and Gaana.com.

To improve the consumer experience, ZEE5 is collaborating with some of the leading OTT technology companies. ZEE5 announced a strategic partnership with Optimove to bolster the performance of the platform based on a suite of services backed by insight, engagement & optimisation. It also announced a collaboration with Applicaster, one of the leading global cloud platforms for media app development and management in the media space.

### **ZEE5's expanding presence in international markets**

Following the launch in priority APAC markets, ZEE5 commenced marketing activities in the neighbouring countries to leverage its language and content affinity. After #sharethelove and #dilsedesi campaigns saw great traction, ZEE5's 'Extreme Emotion' campaign introduced ZEE5 to mainstream audiences who love Indian content. ZEE5 is entering into partnerships across the region with several distribution platforms. To tap into the existing demand for Indian content in several markets, it also soft-launched dubbed content in 5 international languages. The roll-out in APAC will be followed by MENA, Europe, Canada and Caribbean markets.

### **International Business**

During the quarter, ZEEL's International business revenue was Rs. 1,603 million. The advertising and subscription revenues declined by 7.6% YoY and 9.2% YoY, respectively. Break-down of international business revenues for the first quarter is as below:

Advertisement Revenue of Rs. 545 mn (Aprox. Rs 54.5 crore)

Subscription Revenue of Rs. 848 mn (Aprox. Rs 84.8 crore)

Other Sales and Services Revenue of Rs. 210 mn (Aprox. Rs 21 crore)

### **Movies & Music Business**

Zee Studios, our movie production and distribution business, produced a Marathi movie, Rampaat, and distributed two Hindi movies – Article 15 and Tashkent Files in India. In addition, 5 films across 2 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 Q1. Zee Music Company is the second most subscribed Indian music channel on YouTube with over 40 million subscribers.

### **Live Events**

Zee Live launched Supermoon, starring one of the most popular international stand-up artists, Russell Peters. The event was held across Mumbai, Delhi and Bengaluru, and received good response from the audience. Zee Educare, a two-day education event was held in Delhi which saw participation from 40+ institutions.

### **Management Comments**

Punit Goenka, Managing Director and CEO, ZEEL, said, "We delivered another quarter of strong performance despite the operational challenges faced by the industry due to the implementation of TRAI tariff order. We have witnessed a strong uptake of our channels across markets which is reflected in the 47% growth of our domestic subscription

revenues. It validates our standing as the #1 entertainment network of the country, built on the foundation of strong position in each of the markets we operate in. We are confident that the new tariff regime is going to be beneficial for all the stakeholders and will greatly improve the consumer experience.”

“Domestic advertising growth of 4.2% YoY is considerably lower than the growth in past quarters. This is primarily on account of the decision to convert our two leading FTA channels to pay, which significantly impacted the ad growth for the quarter. Additionally, the implementation of the new tariff order in the previous quarter negatively impacted reach and viewership of most entertainment channels, leading to a temporary shift in some of the ad spends from entertainment to sports. We believe that the underlying demand for advertising still remains strong and we are confident that spends would come back as the tariff order settles down and the festive season kicks in,” he said.

“ZEE5 continues its strong run and is working towards achieving its aim of becoming India’s #1 digital entertainment platform. In the international markets, it has seen an encouraging response in the initial phase. I am confident that with its strong content line-up and partnerships with leading players in the digital eco-system, value proposition of the platform and engagement with the consumers will continue to improve,” he added.

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