



Earnings Update for Q3 FY24

Zee Entertainment Enterprises Limited – 13 February 2024

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This document should be read in conjunction with the published financial results. Certain analysis undertaken and represented in this document may constitute an estimate or interpretation and may differ from the actual underlying results.

Use of Operating Metrics: The operating metrics reported in this presentation are calculated using internal company data. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement, there are some inherent challenges in these measurements. The methodologies used to measure these metrics are susceptible to source issues, calculation or other technical errors. We regularly review our processes for calculating these metrics, and from time to time we may discover inconsistencies in our metrics or may make adjustments to improve their accuracy, which can result in adjustments to previously disclosed metrics. In addition, our metrics will differ from estimates published by third parties due to differences in methodology.

Key Performance Highlights

4

Business Performance

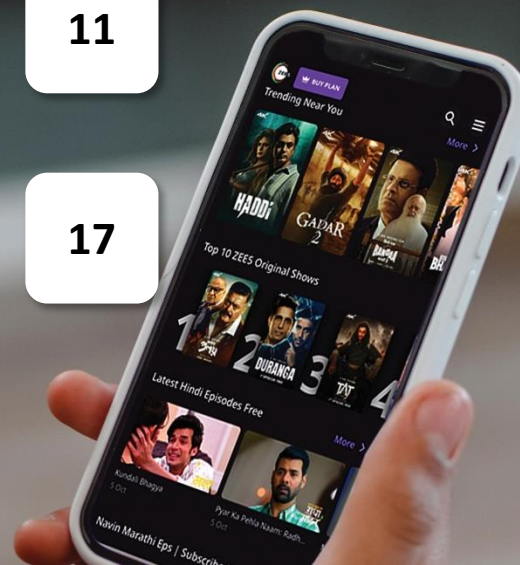
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9M & Q3 FY24 Financial Performance

11

Way Forward

17





Key Performance Highlights (1/2)

Delivering growth and market share gains coupled with effective cost management



17.1%

YTD FY24 All India TV Network Share;
Up 40 bps YoY

8.2%

YTD FY24 YoY Total
Operating Revenue growth

10.8%

YTD EBITDA Margin;
Q3 FY24 EBITDA margins at 10.2%

Healthy performance in digital continues



31%

ZEE5 YTD YoY Revenue Growth;
YTD FY24 Revenue Rs 6,823 Mn

15%

ZEE5 YoY Revenue Growth;
Q3 FY24 Revenue Rs 2,232 Mn

19

Shows and Movies (Incl. 5 Originals) Released
in Q3 FY24

⁴ Viewership Share: BARC, All 15+ Yrs, (U)

Key Performance Highlights (2/2)



Driving fiscal prudence and strengthening financial position during the quarter



Further reduction in ZEE5 quarterly EBITDA losses through cost optimisation



YTD reduction of Rs 4.4 Bn in Content inventory, advances and deposits driven by optimised acquisition



Strong FCF generation driven by optimisation of working capital.



Improved liquidity with total cash and cash equivalents of Rs 8.3 Bn

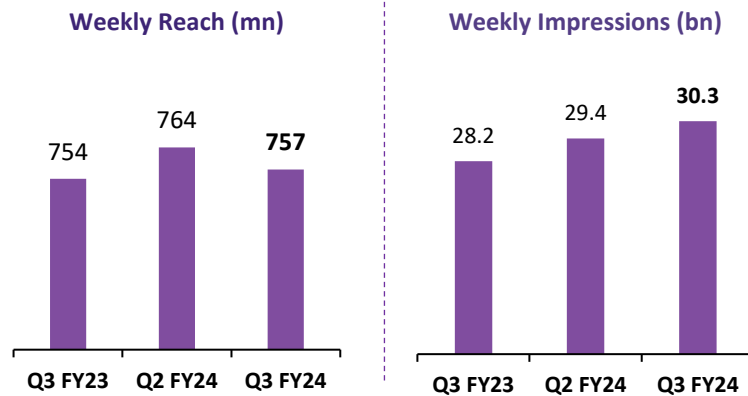


Business Performance

Domestic Linear: TV Landscape Continue to Remains Healthy; YTD FY24 Network Market Share up 40bps YoY

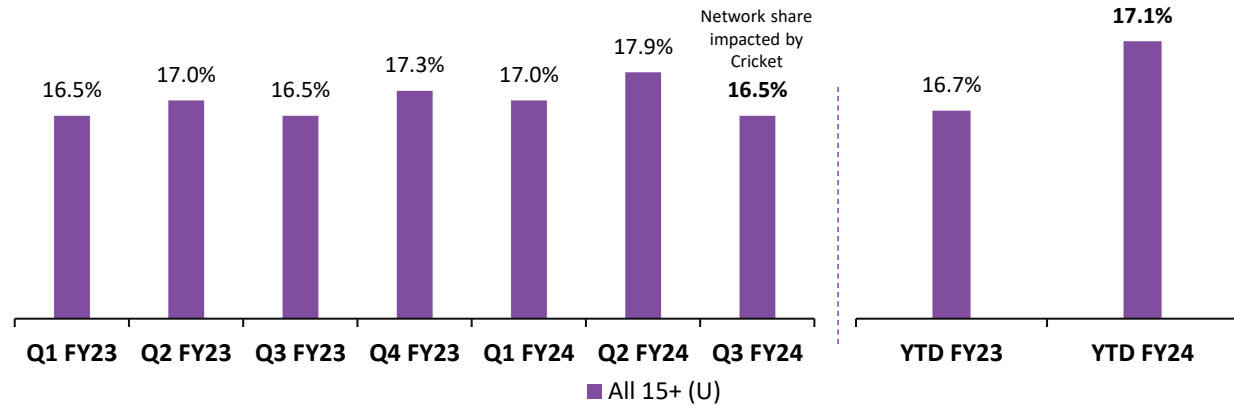
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TV Reach and Impressions



Total TV viewership improved

ZEE Network Share



Invest & Grow



Viewership Focus:

Zee TV & Zee Marathi

Strengthen & Monetize



Monetization Focus:

Zee Kannada, Zee Bangla, Zee Sarthak, Zee Telugu & Hindi movies/ Cinema

Key Launches in Q3 FY24



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ZEE5: Strong Growth Momentum Continues; Prudent Cost Management Further Narrows EBITDA Losses



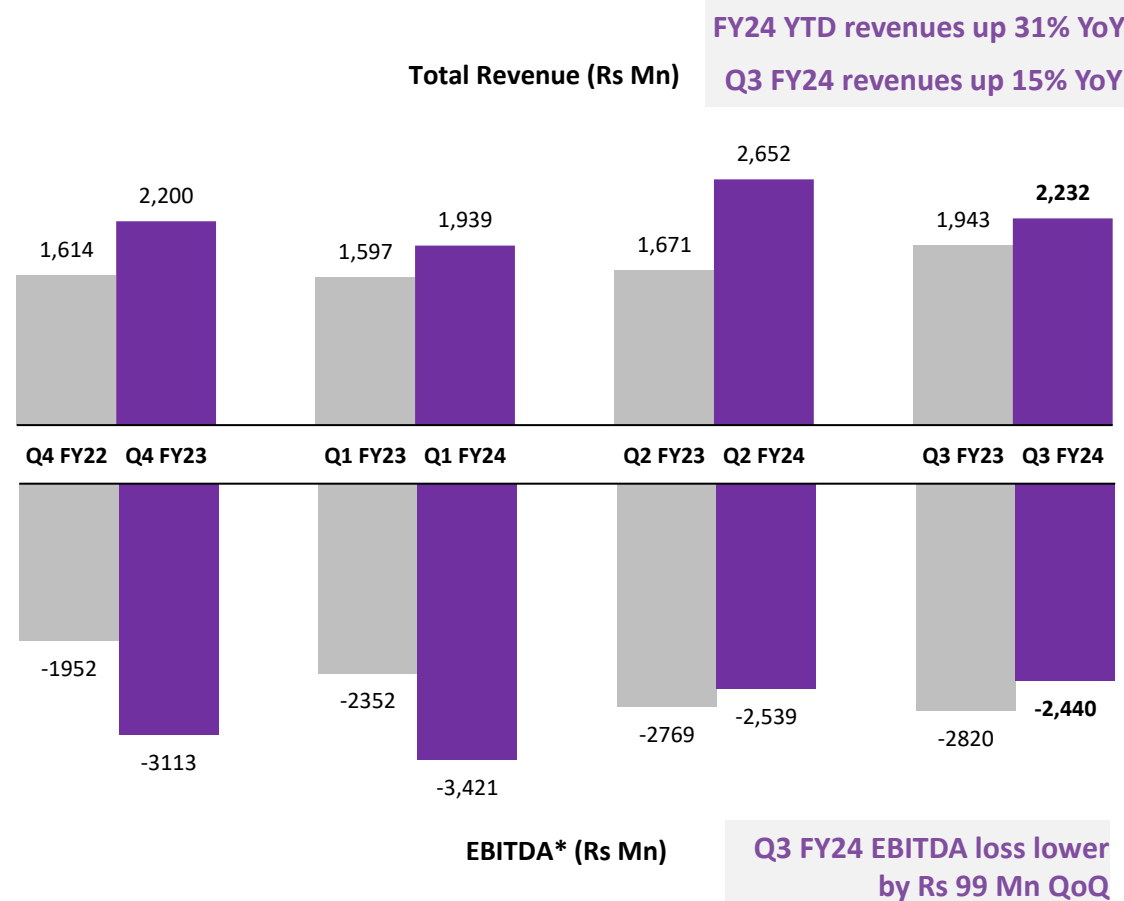
Q3 FY24 Highlights

- 19 shows and movies (incl. 5 originals) released during the quarter

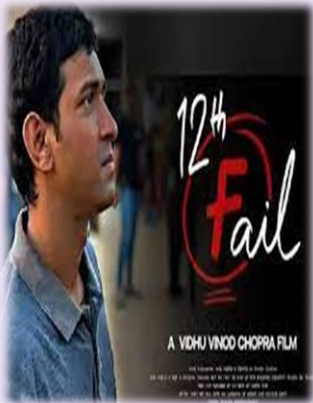
Q3 FY24 Impact Releases



Q4 FY24 Slate



ZEE Studio: 3 Hindi and 3 Other Language Movies Released During Q3 FY24



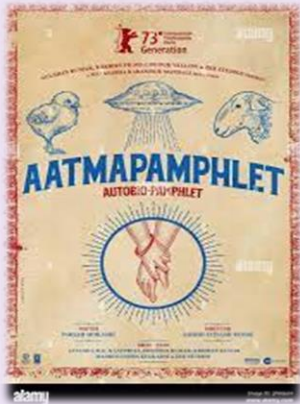
Distributed by
ZEE Studio



Distributed by
ZEE Studio



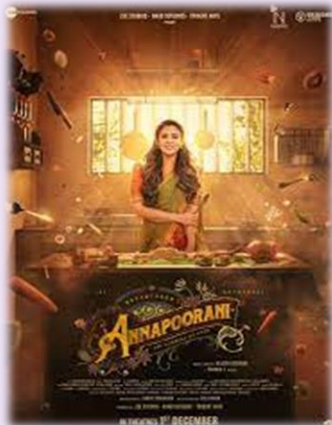
Produced by
ZEE Studio



Produced by
ZEE Studio



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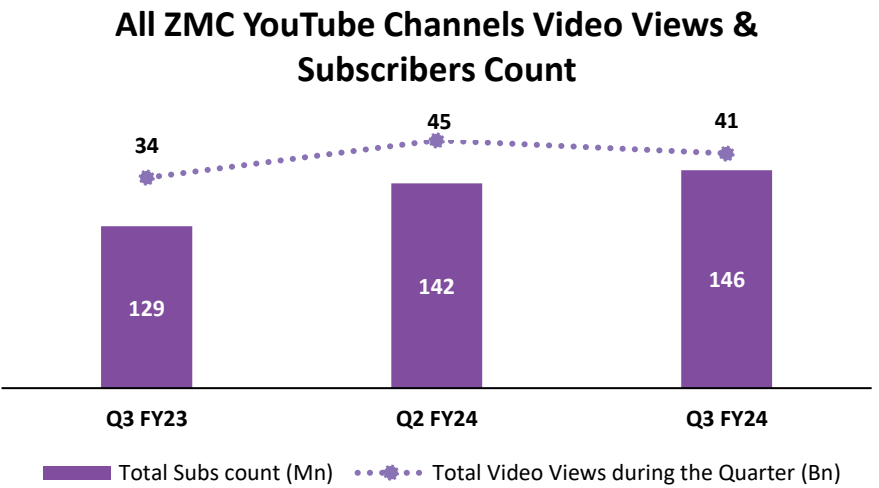
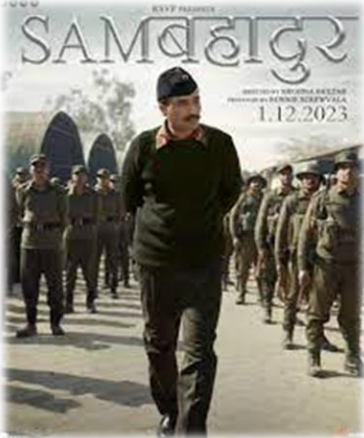
Hindi
Movies

Other
Language
Movies

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Zee Music Company (ZMC)

2nd Largest Music Label with ~146 Mn Subscribers on YouTube



Zee Music company added 4.2 Mn subscribers during quarter on back of new age catalogue

Rights Acquired in Q3 FY24	Hindi	Other Languages	Singles / Albums
	22	17	253

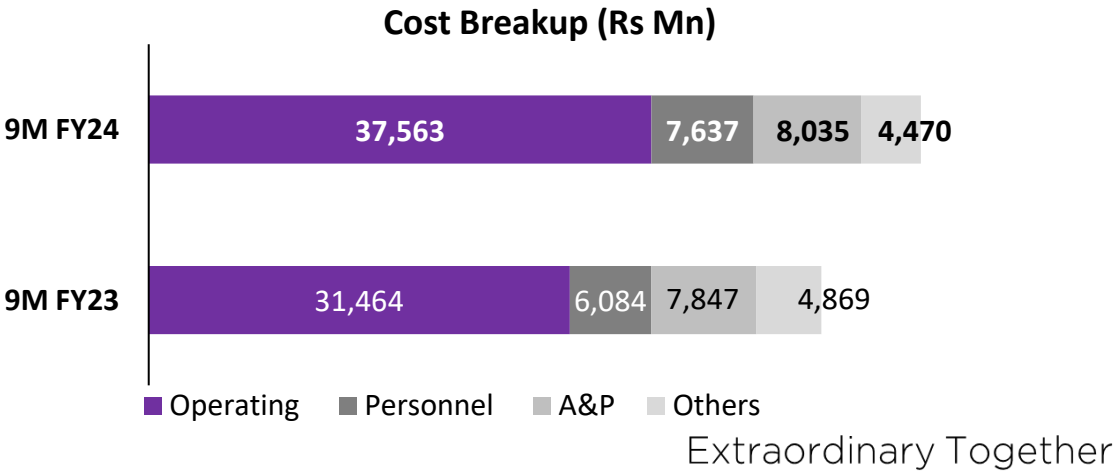
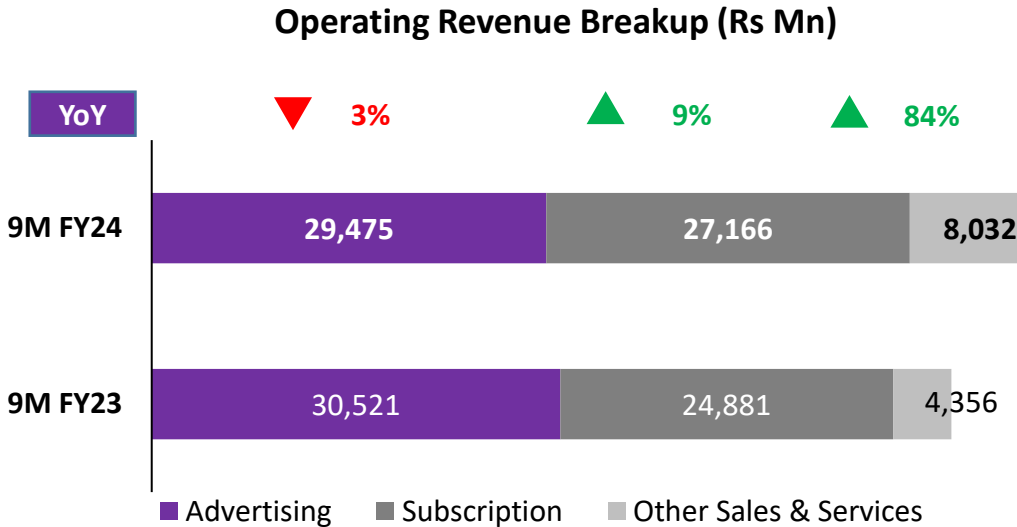


9M & Q3 FY24 Financial Performance

9M FY24 Revenue Growth of 8.2% Driven by Subscription Revenue and Other Sales & Services, EBITDA Margin Impacted by Investment in Content and ZEE5



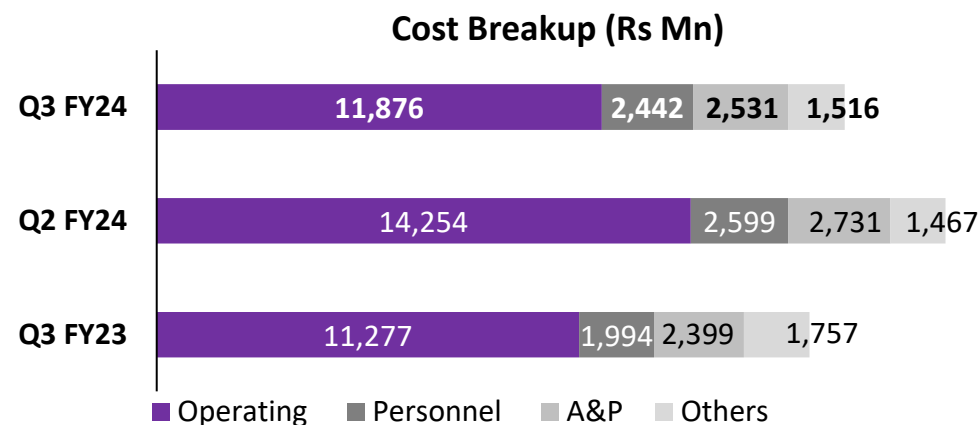
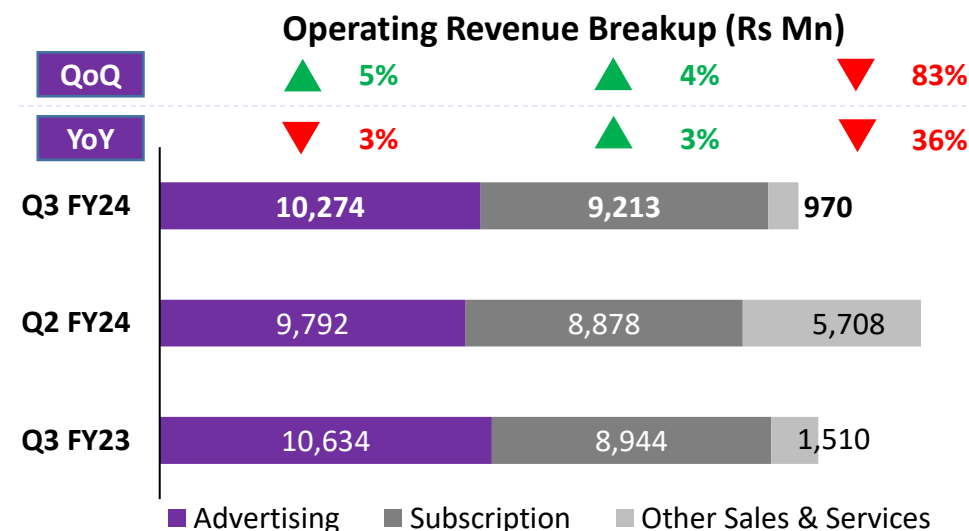
(INR Million)	9M FY23	9M FY24	YoY
Operating Revenue	59,758	64,673	8.2%
Expenditure	-50,264	-57,704	14.8%
EBITDA	9,494	6,969	-26.6%
EBITDA Margin	15.9%	10.8%	
Other Income	655	1,139	
Depreciation	-2,294	-2,319	
Finance cost	-306	-652	
Fair value through P&L	58	38	
Exceptional Items/ JV & Associate	-2,457	-2,504	
Profit Before Tax (PBT) from continuing operations	5,150	2,671	-48.1%
Provision for Tax	1,907	800	
Profit after Tax (PAT) from continuing operations	3,243	1,871	-42.3%
Profit from discontinuing operations	-805	-590	
Profit for the period/year	2,438	1,281	-47.5%



Q3 FY24 Other Sales & Services Revenue Moderates; EBITDA Margin at 10.2%

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(INR Million)	Q3 FY23	Q2 FY24	Q3 FY24	QoQ	YoY
Operating Revenue	21,088	24,378	20,457	-16.1%	-3.0%
Expenditure	-17,427	-21,050	-18,365	-12.8%	5.4%
EBITDA	3,660	3,328	2,092	-37.1%	-42.9%
EBITDA Margin	17.4%	13.6%	10.2%		
Other Income	148	718	277		
Depreciation	-837	-772	-761		
Finance cost	-130	-234	-183		
Fair value through P&L	58	0	0		
Exceptional Items/ JV & Associate	-1,692	-1,197	-602		
Profit Before Tax (PBT) from continuing operations	1,208	1,842	822		-32.0%
Provision for Tax	637	544	288		
Profit after Tax (PAT) from continuing operations	570	1,299	534		-6.4%
Profit from discontinuing operations	-327	-69	52		
Profit for the period/year	243	1,230	585		140.8%



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Q3 FY24: Soft Advertising Environment Partially Offset by Pickup in Subscription Revenue



Advertising revenues	<ul style="list-style-type: none">➤ Domestic Ad revenues came at Rs 9,867 Mn, QoQ up by 4.9%, YoY declined by 2.7%➤ Domestic Ad revenue was impacted by Cricket during Q3. While Q3 saw some seasonal festive uptick, overall pace of Ad environment recovery continues to be slow
Subscription revenues	<ul style="list-style-type: none">➤ Subscription revenue growth driven by pick up in Linear subscription revenue post NTO 3.0 & ZEE5.➤ Normalised YoY revenue growth of 10%. (Q3 FY23 subscription revenues were aided by recognition of INR 59 crores amount from Siti Network)
Other Sales & Services revenues	<ul style="list-style-type: none">➤ Other sales and services revenue YoY down 36% due to fewer movie releases during the quarter.
Operating cost	<ul style="list-style-type: none">➤ Programming and Technology cost increased YoY.
A&P and Other expenses	<ul style="list-style-type: none">➤ Prudent cost management drives moderation in A&P
EBITDA	<ul style="list-style-type: none">➤ EBITDA for the quarter came at Rs 2,092 Mn;➤ Q3 FY24 Margin at 10.2%;
International revenue break-up	<ul style="list-style-type: none">➤ Q3 FY24 Advertising revenue : Rs 400 Mn, Subscription revenue : Rs 944 Mn, Other Sales & Services : Rs 169 Mn

Condensed Balance Sheet

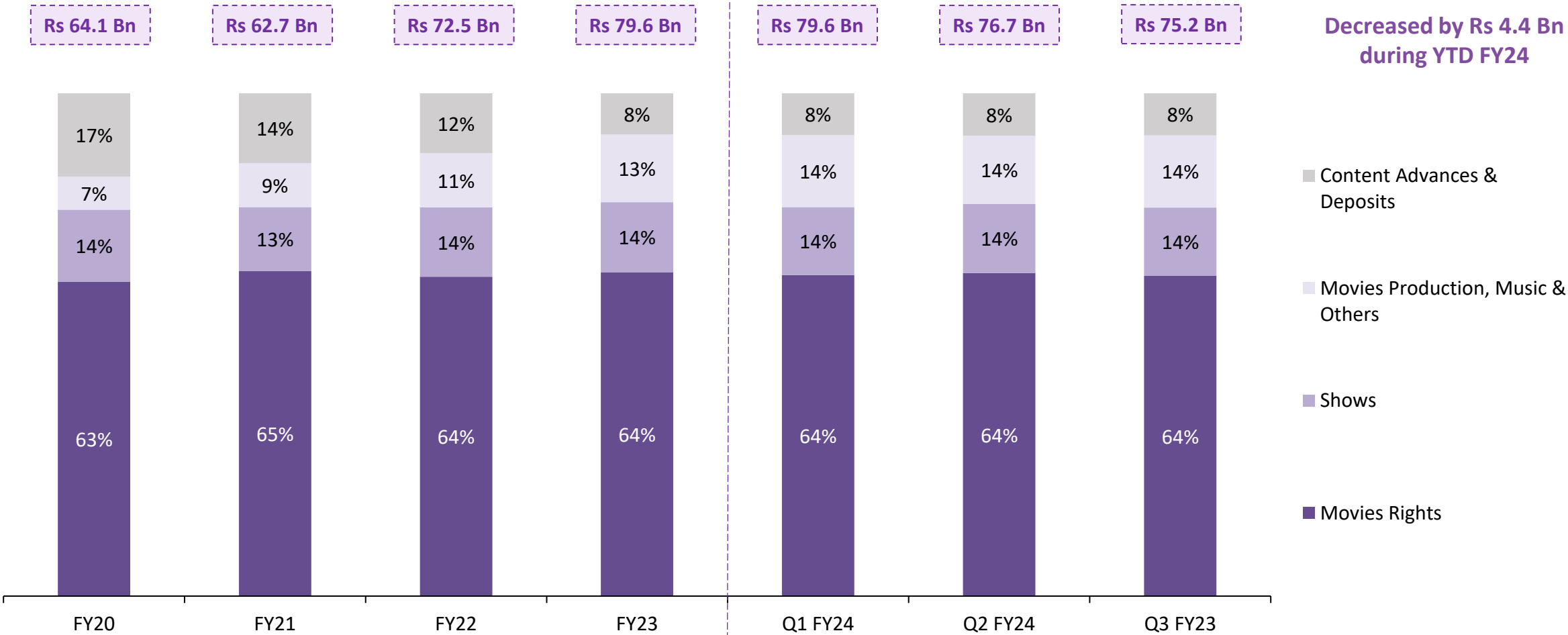
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Assets (Rs. Mn)	Mar'23	Dec'23
Non-Current Assets		
Fixed assets	13,789	12,507
Investments	349	390
Other financial assets	589	596
Income tax & Deferred tax assets	8,496	9,219
Others Non-Current Assets	143	97
Current Assets		
Inventories	73,079	68,978
Cash and other investments	8,040	8,286
Trade receivables	16,088	19,731
Others financial assets	3,634	3,651
Other current assets	11,433	11,142
Non-current assets - HFS	1,645	907
Total Assets	1,37,283	1,35,505

Liabilities (Rs. Mn)	Mar'23	Dec'23
Equity Capital	1,07,219	1,08,576
Non-Current Liabilities		
Lease Liab/Other borrowings	2,167	1,691
Provisions	1,362	1,629
Current Liabilities		
Lease Liab/Other borrowings	653	662
Trade Payables	17,494	16,534
Other financial liabilities	4,247	2,754
Other current liabilities	3,690	3,433
Provisions	135	172
Income tax liabilities	103	12
Liabilities associated with assets- HFS	213	41
Total Equity & Liabilities	1,37,283	1,35,505

*The cash & treasury investments of the company as of Dec'23 stood at Rs 8,286 Mn, including Cash balance of Rs 6,166 Mn and FDs of Rs 2,120 Mn

Content Inventory, Advances and Deposits Declined in Q3 FY24 Driven by Optimised Acquisition



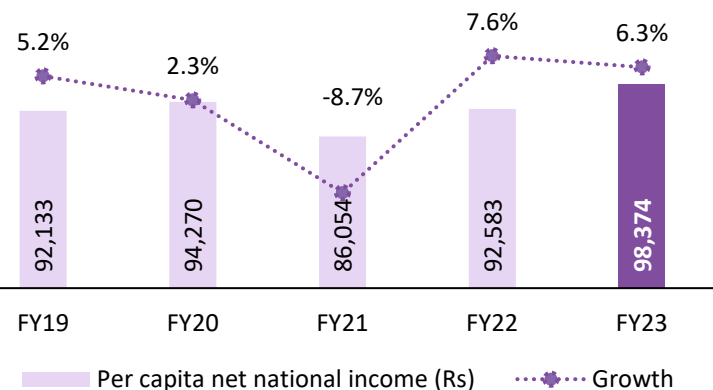


Way Forward

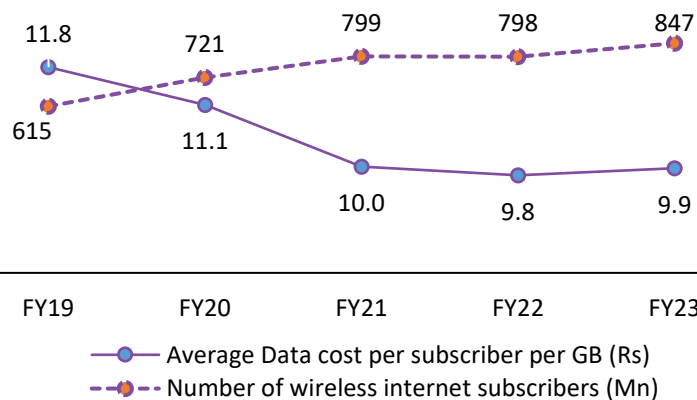
India is a High Growth Economy with Attractive M&E Market Opportunity

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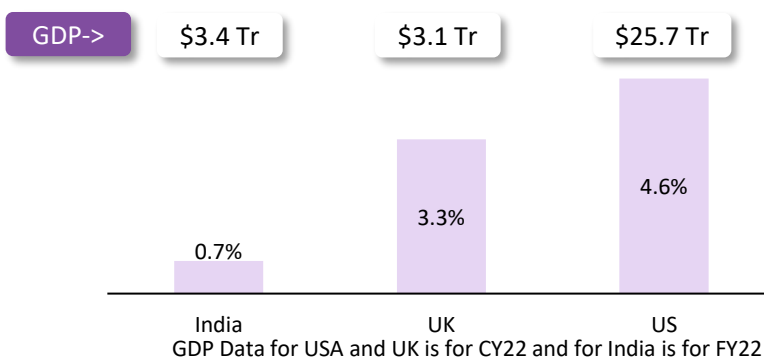
India: Increasing Per Capita NNI



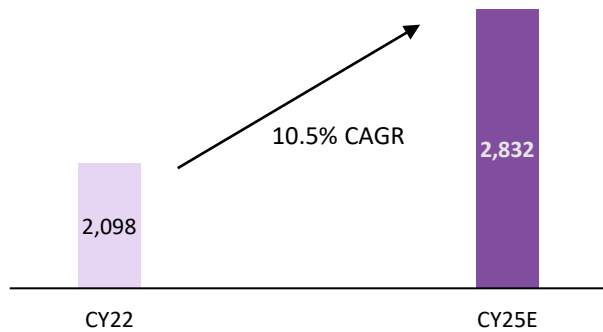
Steep drop in tariff boosted internet subscriber



M&E industry's revenue as % of GDP (2022)



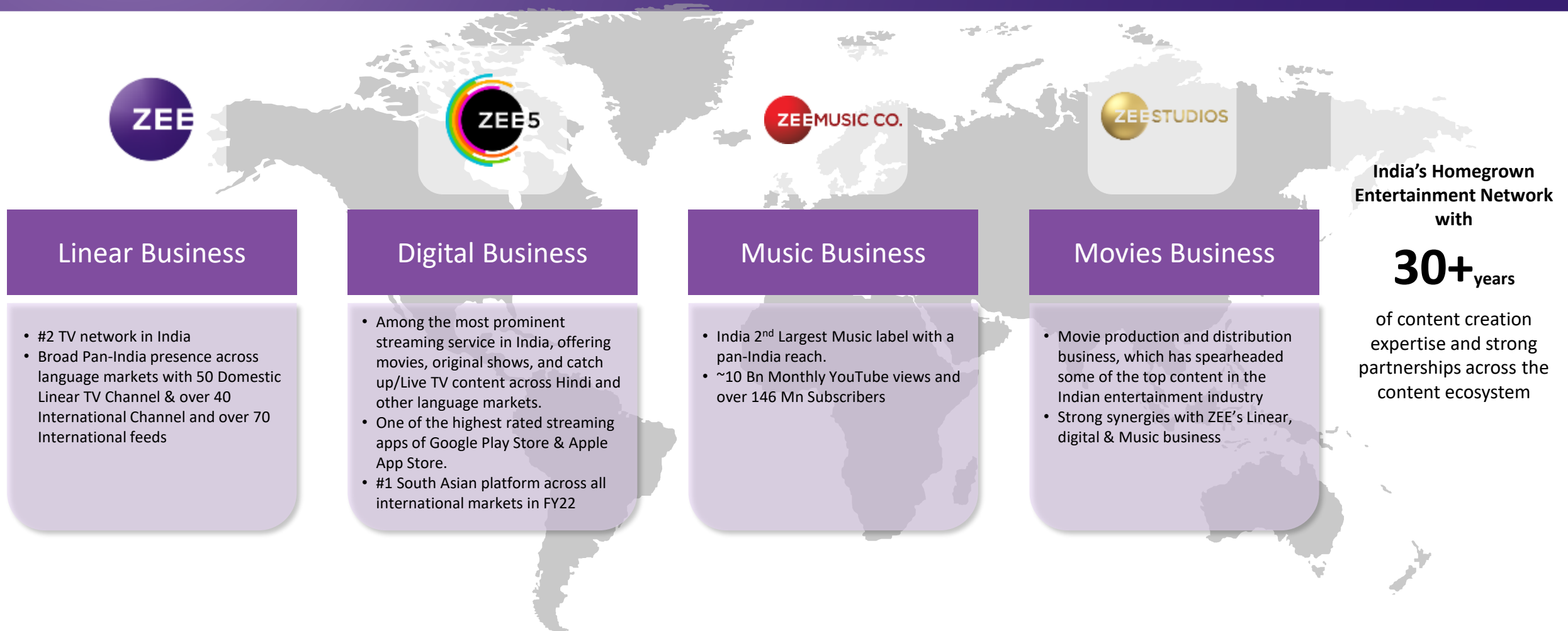
India: M&E Industry Revenue (Rs Bn)



- India's M&E industry is poised for sustained long-term growth given rising income levels and relatively lower spending compared to global norm.
 - Content consumption in India is at an inflection point and has significant headroom to grow due to lower penetration, favorable demographics, and affordability.
 - Conducive digital infrastructure and increasing digital adoption in India paves way for long-term growth of OTT ecosystem.
- India M&E industry is expected to grow at a healthy pace of 10.5% CAGR till CY25E.

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ZEEL is Well Position to Capitalize on Growth Opportunities



Current Growth Slowdown And Subdued Margin Profile Is Cyclical And Transitory In Nature; Not A Structural Issue



Revenue Headwinds

1

Advertisement Revenues

- Impacted due to macroeconomic headwinds and consumption slowdown
- Higher exposure to FMCG magnifies the impact on ZEE performance

2

Subscription Revenue

- Impacted due to NTO related issues

Headwinds are now beginning to ease



Profitability Headwinds

1

Industry-Wide Headwinds Impacting Margins

- Increased competitive intensity leading to escalation in content cost and higher prices for acquiring rights for third-party content.
- Higher investment intensity for building new capabilities such as Digital / OTT
- Lack of operating leverage due to slower revenue growth

2

Impact on Cost Structure due to Merger

- We had accelerated our technology and digital investments in anticipation of impending merger to be able to hit the ground running on merger synergies.
- Distraction or discontinuation on certain profitable businesses – three channels to be divested, discontinuation of certain profitable international businesses etc.
- Merger related expenses – legal, compliance, advisors fee, people etc.

Specific interventions identified towards margin recovery

ZEEL Revenue Growth & Profitability Outlook

ZEE

Revenue Outlook

As Ad environment stabilizes, we are confident on our ability to accelerate revenue growth

Steady state aspiration will be to target 8-10% overall revenue CAGR with current portfolio

- Digital will grow at a faster pace

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Profitability Outlook

Headroom for driving significant margin improvement

Some of the key levers we are working with include:

- Revisiting the overall cost structure across the business with a view to reset to a lower cost baseline as we get in FY25 – Tech, content, marketing, and people.
- Further recalibrating digital / OTT cost structure in Zee5 which is already at its peak investment.
- Exploring and evaluating alternative content monetization avenues for our rich content library while balancing our longer-term strategic objectives
- Moderating third-party content acquisition

- **8-10% Revenue growth CAGR**
- **Intervention to unlocks industry-leading 18-20% EBITDA margin in a stable macro environment**

Journey Towards Margin Recovery



Given our current cost baseline and lead time associated with implementing these margin improvement interventions, we do expect to take 6-8 months for these efforts to start showing up in the performance

Next 3-6 Months

- May have Pressure on margins due to incurring one-time higher costs towards implementing the interventions

From H2 FY25

- Gradual margin improvement to kick in
- FY25 margins to be meaningfully better than FY24

FY26

- Aspire to deliver industry-leading 18-20% EBITDA margin





THANK YOU