

Bloomberg Code	Z IN
No of share O/S (in crs)	96.05
Market Cap (in Rs. crs)	18,927
Face Value (in Rs)	1.00
Dividend Yield (%)	0.15
52 Wk High/Low	376/114

Shareholding (%)	
Promoters	4.77
Institutional	77.15
Public	18.08
Total	100.00

Key Highlights

Zee Entertainment reported revenue from operations of Rs. 1,312 crores in Q1FY21 as against Rs. 2,008 crores in Q1FY20, a YoY decline of 34.7%. The contraction in revenue was mainly due to a YoY decline in advertisement revenue by 64.5% to Rs. 421 cores. On a YoY basis, the subscription revenue grew by 5% to Rs. 744 crores primarily led by ZEE5 subscription revenue. Revenue from other sales and services grew by 30.2% to Rs. 147 crores due to sale of rights of movie to OTT platform. The break-up of revenue from outside India was Rs. 37 crores from advertising, Rs. 82 crores from subscription and other sales and services revenue was Rs. 15 crores. The EBITDA for the quarter was Rs. 108 crores as against Rs. 728 crores in Q1 FY20, a YoY de-growth of 85.2%. The decline in EBITDA can be attributed to a sharp increase of 124.9% in the other expenses from Rs. 105 crores in Q1FY20 to Rs. 235 crores in Q1FY21. The EBITDA Margin declined by 2803 bps as compared to the same period last year, to 8.2% during the quarter. Net profit for Q1FY21 was Rs. 29 crores, a YoY decline of 94.5% compared to Rs. 530 crores in Q1FY20. Net profit margin contracted by 2415 bps to 2.2% from 26.4% in Q1FY20.

Concall Highlights

- Resumption of original content and launch of two channels on FTA platform led to recovery of market share from 18.3% in Q4FY20 to 19.2% in the last four weeks.
- ZEE5 released 18 original series/movies during the quarter and Zee Studios released its first movie directly on a digital platform.
- ZEE5 enters the short video content space with beta launch of HiPi.
- In June'20, ZEE5 global MAUs and DAUs stood at 39.7mn and 4.0mn, respectively.

Valuation

Zee is currently trading at FY21 forwarded PE of 16.2x with an estimated FY21 adjusted EPS of Rs. 12.2.

Financial Summary

Revenue from operations declined by 34.7% to Rs. 1,312 crores on a YoY basis as advertisement revenue declined by 64.5% to Rs. 421 crores as against Rs. 1,187 crores in Q1FY20

EBITDA for the quarter was Rs. 108 crores, marking a decline of 85.2% on a YoY basis as other expenses shot up by 124.9% during this period.

In Q1 FY21, PAT for the company came in at Rs. 29 crores, a YoY decline of 94.5% from Rs. 530 crores in the same period last year.

Figures are in Rs Cr	Q1FY21	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	FY19	FY20	YoY (%)
Revenue from operations	1,312	2,008	-34.7	1,951	-32.8	7,934	8,130	2.5
Operational Cost	658	780	-15.7	1,305	-49.6	3,076	3,829	24.5
Operational Cost to Sales (%)	50.1	38.8		66.9		38.8	47.1	
Employee Cost	200	200	-0.1	160	24.8	725	781	7.7
Employee Cost to Sales (%)	15.3	10.0		8.2		9.1	9.6	
Advertisement & Publicity Expenses	111	195	-43.2	184	-39.7	699	696	-0.5
Advert & Publicity Exp to Sales (%)	8.5	9.7		9.4		8.8	8.6	
Other Expenses	235	105	124.9	865	-72.8	866	1,450	67.4
Other expenses to Sales (%)	17.9	5.2		44.3		10.9	17.8	
EBITDA	108	728	-85.2	-563	-119.1	2,568	1,375	-46.5
EBITDA Margin (%)	8.2	36.2		-28.8		32.4	16.9	
Depreciation	72	69	4.1	78	-7.6	235	271	15.3
Interest	5	21	-78.0	86	-94.8	130	145	11.1
Other Income	26	104	-74.6	41	-35.1	251	284	12.8
Other Income to Sales (%)	2.0	5.2		2.1		3.2	3.5	
Exceptional Income / Expenses	-	-		-114		-22	-284	
Profit Before Tax	58	742	-92.2	-800	107.2	2,432	959	-60.6
Tax Rate (%)	49.2	28.9		4.7		35.7	45.0	
Profit After Tax	29	527	-94.5	-763	103.8	1,565	527	-66.3
Shares of Associates / Minortiy Interest	0	2		-3		2	-2	
Net Profit	29	530	-94.5	-766	103.8	1,567	525	-66.5
PAT Margin (%)	2.2	26.4		-39.3		19.8	6.5	
Basic EPS	0.3	5.5		-8.0	103.8	16.3	5.5	-66.5
Shareholder's Funds						8,938	9,355	4.7
BV per share						93.1	97.4	4.7
Net Debt						-966	-364	-62.3
Net Debt to Equity						-0.1	-0.0	-64.0
Net Debt to EBITDA						-0.4	-0.3	-29.7
CAPEX						282	182	-35.6
RoE						17.5	5.6	
RoCE						29.3	12.3	
P/E						12.1	36.1	
P/B						2.1	2.0	
EV/EBITDA						7.0	13.5	

1 year forwarded valuation band chart

1 year forwarded P/E band chart



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