

# COVER SHEET

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S.E.C. Registration Number

G M A N E T W O R K I N C.  
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(Company's Full Name)

G M A N E T W O R K C E N T E R  
E D S A C O R N E R T I M O G A V E.  
D I L I M A N Q U E Z O N C I T Y

Ari Chio  
Contact Person

982-7777

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Month Day  
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FORM TYPE

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Annual Meetings

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

\_\_\_\_\_  
Total No. of Stockholders

\_\_\_\_\_  
Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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Document I.D.

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Cashier

STAMPS



11. Indicate the item numbers reported herein:

**ITEM 9. OTHER MATTERS -**

**1. Press Release**

**GMA Network net income soars 55 percent in Q1 2013**

Reports P3.241 billion consolidated revenues for the first three months

(Quezon City, Philippines - May 15, 2013) - Broadcast industry leader GMA Network, Inc. (GMA) reported impressive year-on-year growth in both revenues and profits for the first quarter of 2013 supported by its improved performance across key financial indicators.

Consolidated revenues for the first quarter posted a 24 percent increase to P3.241 billion, while net income soared 55 percent to P603 million compared to last year.

This marked improvement in Q1 earnings came mostly from the rise in airtime revenues, which climbed 26 percent to P2.950 billion during the quarter.

The Network said that, while political advocacies and advertisements provided incremental revenues in the topline amounting to 12 percent of the increase, recurring advertisements still contributed the greater balance or 14 percent of the total revenue hike.

"We are more than pleased with the performance of the company for the first quarter," said GMA Network Chairman and CEO Atty. Felipe L. Gozon. "Such improvements validate our forecast that 2013 will be a particularly strong year for GMA. Our sales continue to grow at a steady pace and we look forward to the future with optimism," he added.

GMA's flagship Channel 7, which accounted for 85 percent of the total airtime earnings, reflected a 26 percent upsurge, while revenues from Regional TV, the business unit that manages GMA's Regional TV operations, grew by a robust 85 percent following its continued expansion programs.

Two new originating stations namely GMA Ilocos and GMA Bicol (formerly a satellite station) opened in the second half of last year, while the Cagayan de Oro satellite station was also upgraded into an originating station in the first quarter of this year. These newly operational originating stations along with the rest of the Regional TV stations showed remarkable improvements in their respective top lines with the Cebu and Dagupan originating stations still leading the roster.

Sales from Radio operations grew 27 percent as a result of DZBB and LSFM maintaining their competitive position nationwide and in Mega Manila, thereby boosting advertising load, while leading local news channel GMA News TV registered flat growth in airtime revenues.

Meanwhile, subscription and advertising revenues from GMA International, which manages the operations and distribution of the Network's international channels, improved by 7 percent owing to the rise in advertising placements in this platform over last year. The subscriber uptake of GMA's flagship international channel GMA Pinoy TV and the first Filipino lifestyle channel abroad GMA Life respectively increased by 9 percent to almost 330,000 subscribers, and 6 percent to close to 125,000 subscribers.

In an effort to further strengthen the value proposition of the GMA Channels, GMA International recently relaunched its broadcast services in the Middle East and East Africa via its new carrier MyHD - offering the three international channels GMA Pinoy TV, GMA Life TV and GMA News TV International at a lower cost of \$25 but with the addition of 28 English language programs, 14 of which are in High Definition. Likewise, GMA International fortified its presence in Canada through the launch of the GMA Package in most of the major carries in the area, and added Palau to its worldwide family.

On the other hand, GMA Worldwide, the program syndication and licensing arm of GMA, sold over 900 hours of program and movie titles to Brunei, Cambodia, Kenya, Malaysia, Singapore, and Vietnam, among others.

The self-titled album of Kapuso singer-actress Julie Anne San Jose under GMA Records continues to do well in terms of sales as it scored a Triple Platinum Record Award from its combined physical and digital sales of over 52,000 units for the period August 15, 2012 to February 26, 2013. San Jose's carrier single "I'll Be There" already hit over 375,000 downloads landing it a Double Platinum Digital Single Award - with Julie Anne being the very first recipient of this award according to the Philippine Association of the Record Industry.

The company's total operating expenses, on the other hand, grew by only 13 percent to P2.371 billion year-on-year primarily on increased production costs in an effort to further strengthen its programming. Adding to the increase in direct cost are the depreciation of the commissioning of new studios in the regions and from major renovations and upgrade of other broadcast facilities nationwide. General and administrative expenses (GAEX) surpassed last year by only 5 percent mainly due to the increase in personnel cost.

GMA allotted P91 million for its coverage of the recent mid-term elections. This year, GMA utilized the highly sophisticated Vizrt Immersive Graphic System interfaced with the Mosys camera tracking system to allow for a more dynamic and seamless presentation of information, context packages and real time immersive graphics. The same tracking system was used by CNN for their 2012 U.S. Presidential Election coverage. The Network also purchased a digital mobile news gathering system called 10 Ibis Pro for a faster exchange of information between the base and GMA reporters, among other facilities including the fully-equipped GMA election hub.

The company thus ended the first quarter with earnings before interest, taxes, depreciation and amortization (EBITDA) of P1.189 billion or a 56 percent growth versus the same period last year.

Last May 14, GMA paid out to its shareholders cash dividends amounting to P1.215 billion (25 centavos per share) much higher compared to the amount released by ABS-CBN, which was only about P300 million.

On television, GMA maintained its leadership in the key areas of Urban Luzon and Mega Manila for the first quarter, based on data from the broadcast industry's more widely recognized ratings service provider Nielsen TV Audience Measurement. Urban Luzon and Mega Manila account for 76 and 59 percent, respectively, of the total urban TV households in the country.

In Urban Luzon, GMA registered a total day audience share of 35.4 percent - ahead of ABS-CBN's 29.2 by 6.2 points and of TV5's 15 percent by 20.4 points. GMA likewise kept its

ratings edge in its bailiwick Mega Manila with 36.3 percent – up 9.1 points from ABS-CBN's 27.2 percent and up 20.4 points from TV5's 15.9 percent.

GMA will launch at least 9 new programs this June and anticipates larger ratings margins with its new programming grid.

GMA subscribes to Nielsen TV Audience Measurement along with 22 other paying subscribers including another local major television network (TV5), Faulkner Media, CBN Asia, 15 advertising agencies, and 4 regional clients.

In Mega Manila, Nielsen has a sample size of 1,190 homes versus Kantar Media's 770 homes. Nationwide, Nielsen has an urban sample size of 2,000 homes compared to the lower sample size of 1,370 utilized by Kantar Media. (30)

## 2. Additional disclosures during the financial briefing

### **On the outlook for 2013**

The Company remains optimistic for the 2<sup>nd</sup> Quarter of 2013 as well as hopeful that the growth in revenues can be sustained for the full year.

The Company does not see the need to undertake any fund raising activity at this point in time.

### **On CAPEX for 2013**

The Company is looking at adding an originating station in Mindanao which is estimated to cost around PHP 30-35 Million (excluding the acquisition of land).

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**GMA NETWORK, INC.**

**May 15, 2013**

Issuer

Date

By:

  
**FELIPE S. YALONG**  
Executive Vice President/CFO