

# ZEE NEWS LIMITED Investor Meet

23<sup>rd</sup> October, '09



**ZEE NEWS LIMITED**  
*Inform. Entertain. Empower.*



## DISCLAIMER

*Some of the statements made in this presentation are forward-looking statements and are based on the current beliefs, assumptions, expectations, estimates, objectives and projections of the directors and management of Zee News Limited (ZNL) about its business and the industry and markets in which it operates.*

*These forward-looking statements include, without limitation, statements relating to revenues and earnings. The words “believe”, “anticipate”, “expect”, “estimate”, “intend”, “project” and similar expressions are also intended to identify forward looking statements.*

*These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Company and are difficult to predict. Consequently, actual results could differ materially from those expressed or forecast in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, changes in the regulatory environment and other business and operational risks. ZNL does not undertake to update these forward-looking statements to reflect events or circumstances that may arise after publication.*



# ZNL 2Q FY '10



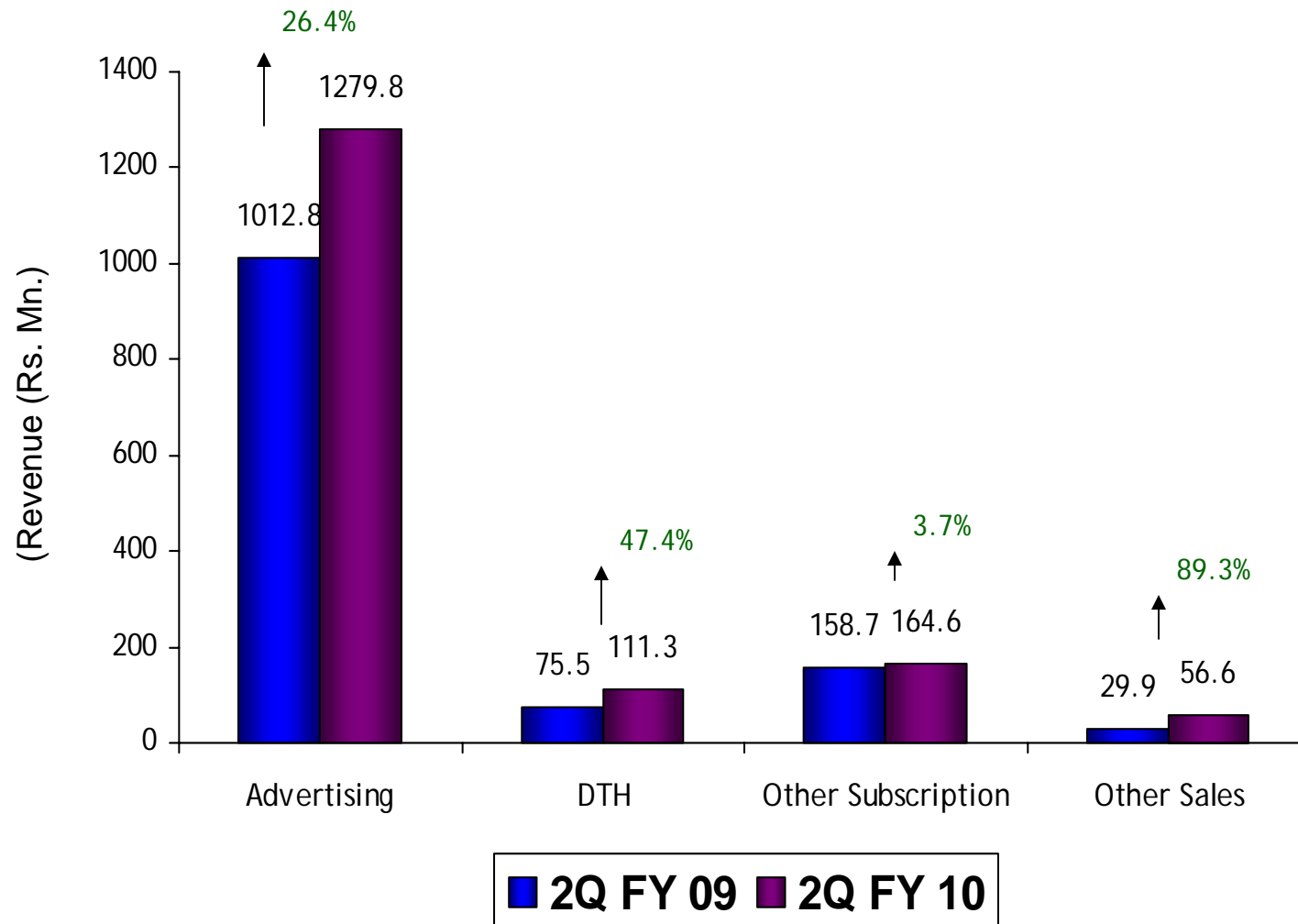
# HIGHLIGHTS

- Advertising revenues Rs 1.3 billion; 26.4% YoY growth
- Subscription revenues Rs 276 million; 17.8% YoY growth
- EBITDA Rs 258 million; 21.8% YoY growth
- Net Profit Rs. 131 million as against Rs. 115 million in the corresponding period last fiscal
- EBITDA margin stood at 15.8%
- New business losses remained flat; YoY growth of more than 100% in top-line

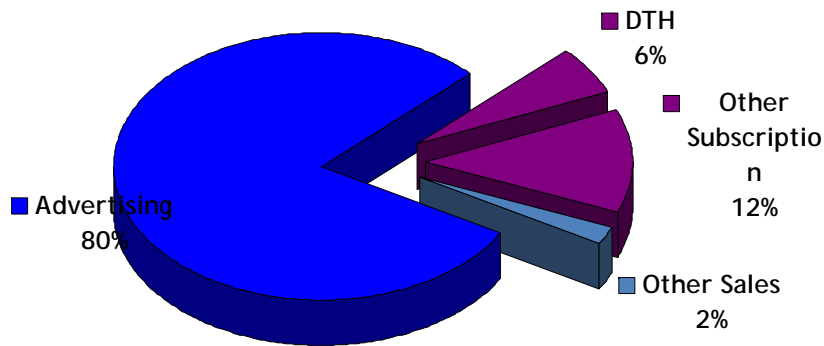
# PERFORMANCE OVERVIEW

(Rs million)	Second Quarter		% Growth
	FY2010	FY2009	Y o Y
<b>Operating Revenues</b>	<b>1612.3</b>	<b>1276.9</b>	<b>26.3</b>
Expenditure	1354.7	1065.4	27.2
<b>Operating Profit (EBITDA)</b>	<b>257.6</b>	<b>211.5</b>	<b>21.8</b>
PBT	202.5	180.0	12.5
<b>Profit After Tax &amp; Minority Interest</b>	<b>131.5</b>	<b>114.7</b>	<b>14.7</b>
Minority Interest	3.7	0.4	

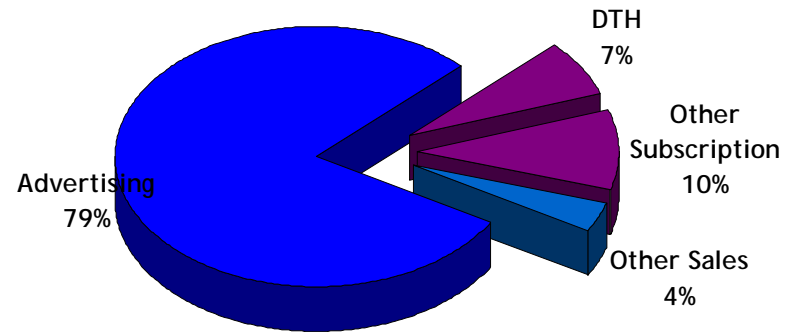
# SEGMENT WISE REVENUE GROWTH



# YoY COMPARATIVE REVENUE COMPOSITION



2Q FY 09 Total Revenue: Rs. 1276.9 mn.



2Q FY 10 Total Revenue: Rs. 1612.3 mn.

## COST OVERVIEW

(Rs million)	Second Quarter		% of Total Costs		% <i>Growth</i>
	FY2010	FY2009	FY2010	FY2009	<i>Y o Y</i>
Cost of Goods & Operations	657.9	505.7	48.6	47.5	30.1
Employee Cost	189.8	150.8	14.0	14.2	25.8
Other Expenses	507.0	408.9	37.4	38.4	24.0
Total Expenses	1354.7	1065.4	100.0	100.0	27.2





A YEAR (AND HALF)  
THAT WAS...



## MOST EVENTFUL IN RECENT TIMES

- 26/11
  - 112 years wait gets over; India bags individual Olympic Gold
  - Elections in the World's largest democracy and the oldest democracy
  - Amendment to Article 377
- &
- The economic slowdown - the worst since the great depression in early 1930s



## WHAT DID ZNL DO?

- Continued to surprise all concerned with robust quarterly results
- Exhibited audacity, termed 'slowdown' as "rationalization" for media industry
- Consistently delivered as per guidance
- Claimed that - "we are best placed" for the next big leap
- Maintained focus on current deliverables
- And burnt midnight oil trying to strategize "What next?"



## OUR OBSERVATIONS

- Advertisers and infrastructure requirement would increasingly favour network operations
- Focus on news and regional verticals would continue to yield dividends
- Our operations are distinctly divided between two verticals: news and regional entertainment
- Regional GECs; greater synergy with National GECs
- ZNL news operations, amongst the most successful news operations in the country



CIRCA OCTOBER 2009

It's official: the world is coming out of the slowdown

New plan in place for us



# ZNL- PROPOSED DEMERGER FOR A FOCUSED APPROACH



## THE PROPOSAL

- Demerger of regional entertainment channels (Zee Marathi, Zee Bangla, Zee Talkies, Zee Telugu, Zee Kannada & Zee Cinemalu) to enable them exploit their full potential while leveraging synergy with national GECs
- Unlocking share holder value in the process
- Focused attention to create a news powerhouse
- To charter a 3 year growth plan for expansion of news



## RATIONALE FOR DEMERGER

- To be able to focus completely on creating a news powerhouse
- Company has already achieved critical mass in the news segment
- Operation of regional entertainment channels does not draw much synergy from news operations
- Content and advertising sales of regional entertainment is in sync with national GECs





# MECHANICS OF DEMERGER

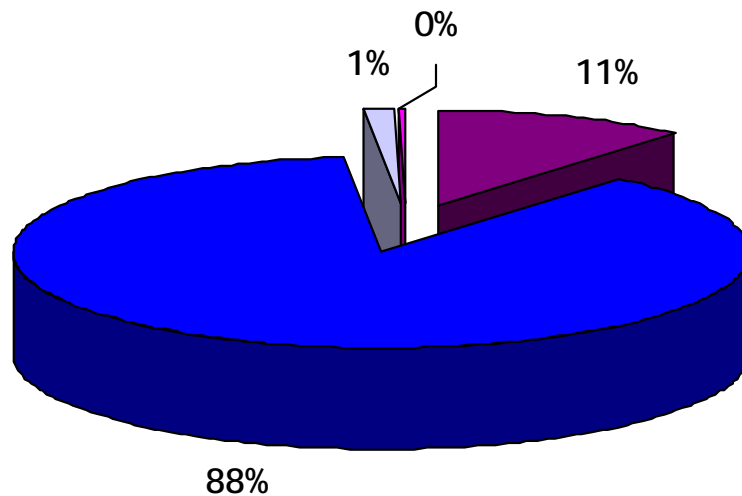
- Targeted time-line for demerger: April 1, 2010
- ZNL shareholders to get equity shares of ZEEL based on the share swap ratio to be determined by independent valuers



# THE NEWS HORIZON

# CURRENT NEWS AD. MARKET SIZE

Total News Ad. Market Estimated at Rs. 137.8 bn.



*Ad. Revenue Rs. Billion*

■ **TV News** ■ **Print News** ■ **Radio News** ■ **Internet News**

Rs.15.5 bn.

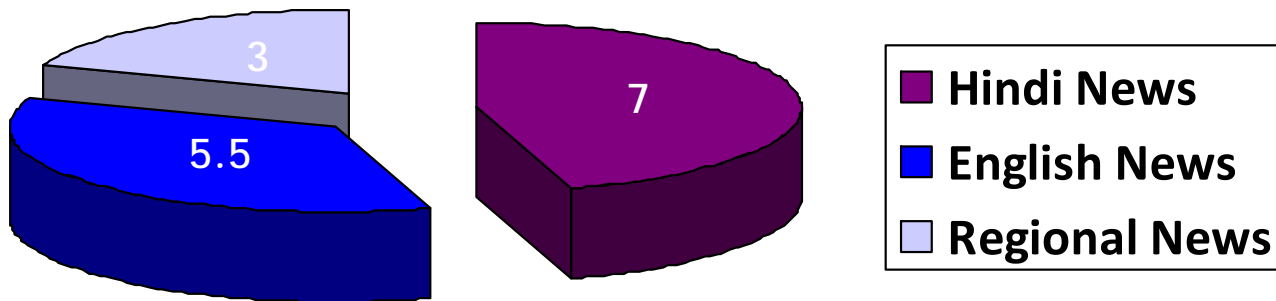
Rs.120 bn.

Rs.1.8 bn.

Rs. 0.5 bn.

# TELEVISION NEWS AD. MARKET SIZE

Total TV News Ad. Market Estimated at Rs. 15.5 bn.



*Ad. Revenue Rs. Billion*



## REGIONAL NEWS: HUGE POTENTIAL

- Grown to Rs. 3 billion in virtually four years
- News market in Bengal stands at Rs. 700 million whereas A.P is even larger at Rs. 900 million
- Growing at about 25% even during economic slowdown
- Regional news is differentiated by content composition
- Expected to maintain this growth rate as new markets are being developed



# NEWS GROUP BUSINESS OVERVIEW



# ZNL NEWS BOUQUET

Existing business:

- Zee News, Zee Business, Zee 24 Taas, 24 Ghanta

New Business:

- Zee 24 Gantalu, Zee News U.P
- Zee Tamil (to be converted pre-dominantly into news)
- Zee Punjabi

# H1 FINANCIALS - EXISTING BUSINESS\*

<i>(Rs. million)</i>	H1 Ended			%Growth	%Growth
				FY2009	FY2010
	FY2008	FY2009	FY2010	YoY	YoY
Advertising Revenues	460.1	543.9	698.0	18.2%	28.3%
Subscription Revenues	186.1	278.3	316.2	49.5%	13.6%
Other Revenues	5.6	10.0	28.6	80.6%	185.0%
<b>Total</b>	<b>651.8</b>	<b>832.2</b>	<b>1,042.8</b>	<b>27.7%</b>	<b>25.3%</b>
<b>EBITDA</b>	<b>149.5</b>	<b>179.3</b>	<b>289.2</b>	<b>19.9%</b>	<b>61.3%</b>
<b>Net Profit</b>	<b>119.5</b>	<b>141.6</b>	<b>277.2</b>	<b>18.5%</b>	<b>95.8%</b>
<b>EBITDA Margin %</b>	<b>22.9%</b>	<b>21.5%</b>	<b>27.7%</b>		

\* Existing Business refers to Zee News, Zee Business, Zee 24 Taas & 24 Ghanta



## FULL YEAR FINANCIALS - EXISTING BUSINESS\*

<i>(Rs. million)</i>	<i>Year Ended</i>		<i>%Growth</i>
	FY2008	FY2009	YoY FY 09
Advertising Revenues	1,023.4	1,202.9	17.5%
Subscription Revenues	421.2	576.8	37.0%
Other Revenues	12.2	40.7	232.5%
<b>Total</b>	<b>1,456.8</b>	<b>1,820.4</b>	<b>25.0%</b>
<b>EBITDA</b>	<b>421.8</b>	<b>533.3</b>	<b>26.4%</b>
<b>Net Profit</b>	<b>359.2</b>	<b>466.0</b>	<b>29.7%</b>
<b>EBITDA Margin %</b>	<b>29.0%</b>	<b>29.3%</b>	

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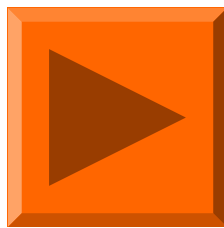


## GOING FORWARD

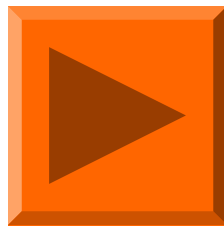
- Focus on improving margins and performance of existing business
- Sticking to plan for new business
- Converting Zee Tamil into a pre-dominantly news channel to strengthen Southern bouquet
- And our strategy as presented to Board:

## TO BECOME A NEWS POWERHOUSE

- 3 year growth plan will be re-worked & presented in the next Board meeting

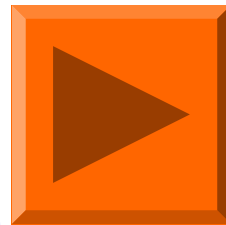


1993  
India's first  
private  
news  
bulletin  
started  
on Zee



1999  
Zee News,  
India's first  
24 hours  
Hindi news  
channel  
started

Now, 24  
such news  
channels



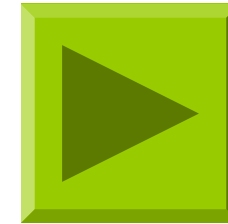
2000  
India's first  
private  
Regional  
news  
channel  
launched

Now, 40  
such news  
channels

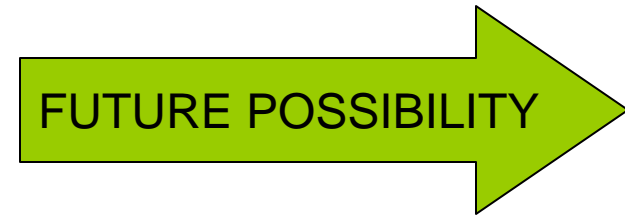
DIGITIZATION SPEEDING UP



Metro-city  
Channels



Special  
interest  
news  
channels





## EXPECTED TIME-LINE

Estimated Date	Key Steps
October/Nov. 2009	Board meeting for approval of swap ratio
January 2010	Ministry of I&B Approval
January 2010	Shareholder/ Creditor Approval
March 2010	Court approval of the scheme



Thank You

Q & A