



TA SECURITIES

A MEMBER OF THE TA GROUP

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RESULTS REVIEW

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FBM KLCI: 1,438.83

Asia Media Group Berhad

Monday, October 24, 2011

3QFY11 Results: On Track to Meet Full Year's Target

TP: RM0.32 (+18.5%)

Business Summary : Largest Transit-TV Network operator in Malaysia
Major Shareholders (%) : Wong SK Holdings Sdn Bhd (45.61)
Company Website : <http://www.asiamedia.net.my>
IR Contact : Kelly Ang (603 5882 7788)

Recommendation: Buy
Market Capitalisation (RMmn): RM61.6mn
Current Price: RM0.27
Market/ Sector: ACE Market/Media
Stock Code: 0159

TA Research Team Coverage

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Key Stock Statistics

FYE Dec 31		2011F	2012F
EPS	(sen)	6.9	10.7
PER	(x)	4.0	2.6
Gross div/ share	(sen)	na	na
NTA/share	(sen)	30.6	43.9
Book value/ share	(sen)	27.7	38.4
Issued capital	(mn shares)	228.0	228.0
52 weeks share price range	(RM)	0.21 - 0.43	

Per Share Data

FYE Dec 31		2010	2011F	2012F
Book Value	(sen)	11.5	27.7	38.4
Cash Flow	(sen)	(1.0)	(11.7)	1.3
Earnings	(sen)	3.4	6.9	10.7
Dividend	(sen)	na	na	na
Payout Ratio		na	na	na
PER (x)	(x)	8.1	4.0	2.6
P/ Cash Flow	(x)	(0.7)	(0.1)	0.5
P/ Book Value	(x)	2.4	1.0	0.7
Dividend Yield	(%)	na	na	na
ROE	(%)	29.5	25.0	27.9
Net Gearing	(%)	na	(0.1)	(0.1)

P&L Analysis (RMmn)

FYE Dec 31		2010	2011F	2012F
Revenue		23.4	49.4	84.7
Operating Profit		7.8	16.0	24.8
Depreciation		(1.4)	(1.6)	(3.3)
Interest Expenses		(0.1)	(0.2)	(0.4)
Pre-tax Profit		7.7	15.8	24.4
Effective Tax Rate	(%)	na	na	na
Net Profit		7.7	15.8	24.4
Operating Margin	(%)	68.6	72.3	69.1
Pre-tax Margin	(%)	33.1	32.0	28.8
Net-Margin	(%)	33.1	32.0	28.8

Share Price relative to the FBM KLCI



Source: Bloomberg

Results Review

- Asia Media Group Berhad announced its 3QFY11 results of RM3.401mn, which although represents a sequential decline of 18.8% but grew a superb 63% YoY. Cumulatively, its 9MFY11 earnings came in inline at 74% of our full year's forecast.
- The sale of airtime decreased slightly in 3Q but revenue from the programme sponsorship and creative production increased 95% and 25% YoY.
- Overall earnings margin in 3Q registered a YoY expansion of 7.8% to 40.4%.

Impact

- No impact to our earnings forecasts.

Outlook

- The group plans to launch a terrestrial digital TV station by as early as the first quarter of next year.
- It is planning to recruit as many as 100 people - (newscasters, talk show hosts, and technical support people) and plan to rent a studio in Damansara for the live TV version.
- The group is still on track in its plan to submit its listing application to Bursa Malaysia for its migration to the Main Board.

Valuation

- We maintain our target price at RM0.32/share using an FY12 target PER of only 4x.
- Maintain Buy on the stock.

3QFY11 Summary (RMmn)

FYE Dec (RMmn)	3Q10	2Q11	3Q11	QoQ (%)	YoY (%)	9M10	9M11	YoY (%)
Revenue	6.4	9.5	8.4	(11.5)	31.7	-	27.9	-
Operating expenses	(4.3)	(5.4)	(5.1)	(5.7)	18.7	-	(16.5)	-
Other operating income	0.0	0.1	0.1	(10.8)	518.8	-	0.3	-
Profit from operations	2.1	4.2	3.4	(18.9)	61.9	-	11.8	-
Finance cost	(0.0)	(0.0)	(0.0)	(23.1)	(50.0)	-	(0.0)	-
Profit before taxation	2.1	4.2	3.4	(18.8)	63.0	-	11.7	-
Taxation	0.0	0.0	0.0	-	-	-	0.0	-
Profit for the period	2.1	4.2	3.4	(18.8)	63.0	-	11.7	-
PAT attributable to:								
Equity holders	2.1	4.2	3.4	(18.8)	63.0	-	11.7	-
Minority interest	0.0	0.0	0.0	-	-	-	-	-
Earnings Per Share (Sen)	1.6	1.8	1.5	(19.0)	(7.5)	-	5.2	-
Segmental Revenue:	6.4	9.5	8.4	(11.5)	31.7	-	27.9	-
- Air Time	1.5	1.7	1.2	(28.1)	(19.0)	-	4.0	-
- Programme Sponsorship	1.6	3.4	3.0	(9.1)	95.1	-	9.9	-
- Creative & Production	3.4	4.5	4.2	(7.1)	24.5	-	14.0	-
Segmental PBT:	2.1	4.2	3.4	(18.8)	63.0	-	11.7	-
- Air Time	1.3	1.3	0.9	(30.3)	(28.1)	-	3.2	-
- Programme Sponsorship	1.1	2.2	1.9	(13.0)	78.0	-	6.5	-
- Creative & Production	(0.3)	0.6	0.5	(16.0)	(259.1)	-	1.8	-
- Other Op Income	0.0	0.1	0.1	(10.8)	518.8	-	0.3	-

Earnings Summary (RMmn)

Income Statement (RMmn)	2010	2011F	2012F	2013F
Revenue	23.4	49.4	84.7	112.1
Purchase & other direct costs	(12.1)	(27.5)	(49.2)	(67.0)
Gross Profit	11.3	21.9	35.5	45.1
Other Op Income	0.1	0.2	0.4	0.6
Profit from Ops	11.4	22.1	35.9	45.6
Amortisation of Dev Costs	(0.0)	(0.1)	(0.1)	(0.1)
Staff Costs	(1.1)	(2.3)	(3.9)	(5.2)
Director's Remuneration	(0.3)	(0.6)	(1.1)	(1.5)
Depreciation of PPE	(1.4)	(1.6)	(3.3)	(5.1)
Other Operating Expenses	(0.7)	(1.6)	(2.7)	(3.6)
Profit/(Loss) from Operations	7.8	16.0	24.8	30.3
Finance Cost	(0.1)	(0.2)	(0.4)	(0.6)
PBT	7.7	15.8	24.4	29.7
Tax	(0.0)	0.0	0.0	0.0
PAT	7.7	15.8	24.4	29.7

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