



TA SECURITIES

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COMPANY UPDATE

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FBM KLCI: 1,517.38

Asia Media Group Berhad

Thursday, January 19, 2012

Proposes 10% Private Placement

TP: RM0.41 (+13%)

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

Recommendation: Buy
Market Capitalisation (RMmn): RM82.1
Current Price: RM0.36
Market/ Sector: ACE/Media
Stock Code: 0159

TA Research Team Coverage

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Key Stock Statistics

YE Dec 31		2011F	2012F
EPS	(sen)	6.2	10.1
PER	(x)	5.8	3.6
Gross div/ share	(sen)	-	-
NTA/share	(RM)	0.19	0.30
Book value/ share	(RM)	0.20	0.30
Issued capital	(mn shares)	228.0	
52 weeks share price range	(RM)	0.21 / 0.39	

Per Share Data

YE Dec 31		2010*	2011F	2012F	2013F
Book Value	(RM)	0.09	0.20	0.30	0.43
Cash Flow	(sen)	0.6	(5.6)	(3.0)	7.9
Earnings	(sen)	4.1	6.2	10.1	12.7
Dividend	(sen)	-	-	-	2.5
Payout Ratio	(%)	-	-	-	0.2
PER (x)	(x)	8.8	5.8	3.6	2.8
P/ Cash Flow	(x)	na	(0.1)	(0.1)	0.0
P/ Book Value	(x)	3.9	1.8	1.2	0.8
Dividend Yield	(%)	-	-	-	6.9
ROE	(%)	44.2	42.1	39.9	34.5
Net Gearing	(%)	Net cash	0.0	0.1	Net cash

P&L Analysis (RMmn)

YE Dec 31		2010*	2011F	2012F	2013F
Revenue		16.6	39.2	63.6	84.5
Operating Profit / EBIT		10.3	15.8	26.1	32.1
Depreciation		(1.0)	(2.3)	(3.9)	(4.6)
Interest Expenses		(0.1)	(0.2)	(0.7)	(0.2)
Pre-tax Profit		10.3	15.6	25.4	31.9
Effective Tax Rate (%)	(%)	0.0	0.0	0.0	0.0
Reported Net Profit		10.3	15.6	25.4	31.9
Core Net Profit		10.3	15.6	25.4	31.9
Operating Margin (%)	(%)	62.4	40.3	41.0	37.9
Pre-tax Margin (%)	(%)	62.1	39.9	40.0	37.7
Net-Margin (%)	(%)	62.1	39.9	40.0	37.7

Placing out 22.8mn new shares

Asia Media Group (AMGB) announced that it is proposing to undertake a private placement of new ordinary shares of RM0.10 each in AMGB, representing up to 10% of its issued and paid-up share capital. This would raise AMGB's share capital to 250.8mn shares from 228.0mn currently.

Placement price to be determined at a later date

The placement price would not be at more than a 5% discount to the 5-day volume weighted average market price (VWAP) of AMGB immediately preceding the price fixing date and would not be below the par value of RM0.10. Based on an indicative issue price of RM0.335 (at a 4% discount to latest 5-day VWAP), the placement would raise RM7.6mn.

Proceeds for DTTB capex

The bulk of the placement proceeds (74%) will be used for Digital Terrestrial Television Broadcasting (DTTB) infrastructure capex that includes air-cooled power amplifiers and servers. AMGB has already spent RM25mn (RM16mn from IPO proceeds) on DTTB facilities that include 2 transmission towers in USJ and Berjaya Times Square. We do not believe that AMGB will require further cash raising exercises prior to the Klang Valley DTTB launch in 1HFY12.

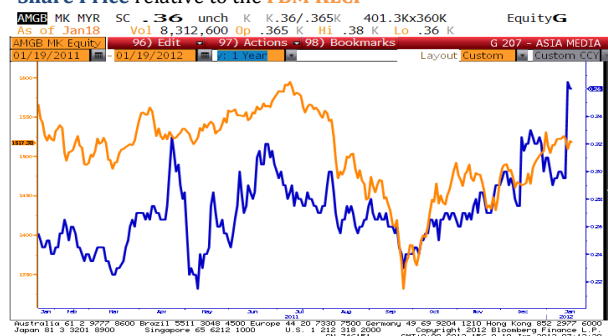
Earnings dilution of 9% partly offset by higher ad rates

Our EPS adjusted for the enlarged share capital would be diluted by 9% in both FY11 and FY12 to 6.2 sen and 10.1 sen respectively. We have also taken into account higher ad revenue from AMGB's more aggressive DTTB roll-out. By increasing our ad-rate assumptions in FY12 and FY13 by 25% and raising programme sponsorship sales growth by 10% to 80% in FY12, our net profit forecast is raised by 6% to RM25.4mn in FY12 and 3% to RM31.9mn in FY13. FY11 earnings estimates remain unchanged.

Maintain Buy

Our target price adjusted for placement shares and earnings upgrades is RM0.41 (from RM0.42 previously) based on the same 4x FY12 PER. We continue to favour AMGB for its first-mover status in the rapid growth niche Digital Out-Of-Home (DOOH) transit media segment and believe it is a strong candidate to secure the LRT concession.

Share Price relative to the FBM KLCI



Source: Bloomberg

Earnings Summary

FYE 31 Dec (RMmn)	2010*	2011F	2012F	2013F	2014F
Revenue	16.6	39.2	63.6	84.5	107.7
EBITDA	11.3	18.1	30.0	36.6	46.6
EBITDA margin (%)	68.4	46.3	47.2	43.4	43.3
Pretax profit	10.3	15.6	25.4	31.9	40.4
Net profit	10.3	15.6	25.4	31.9	40.3
Core net profit	10.3	15.6	25.4	31.9	40.3
EPS (sen)	4.1	6.2	10.1	12.7	16.1
Core EPS (sen)	4.1	6.2	10.1	12.7	16.1
Core EPS growth (%)	58.9	51.9	62.7	25.4	26.6
PER (x)	8.8	5.8	3.6	2.8	2.2
Net DPS (sen)	-	-	-	2.5	2.5
Net div yield (%)	-	-	-	6.9	6.9
Core ROE (%)	44.2	42.1	39.9	34.5	31.4

*Based on 15MFY10

Figure 1: Impact on EPS from 10% private placement

	2011F	2012F
EPS before placement (sen)	6.8	11.1
EPS after placement (sen)	6.2	10.1
Change (%)	-8.8	-9.0

Source: TA Research

Figure 2: Assumptions

		Previous		Current		% Change (%)	
		2012F	2013F	2012F	2013F	2012F	2013F
Airtime Sales							
Kuala Lumpur ad-rate*	(RM)	3,750	3,750	4,688	4,688	25.0	25.0
Johor Bahru ad-rate*	(RM)	2,700	2,700	3,375	3,375	25.0	25.0
Programme Sponsorship							
Growth YoY	(%)	70.0	35.0	80.0	35.0	10.0	-

* per time band per week

Source: TA Research

Figure 3: Utilisation of proceeds from private placement

Item	Amount (RM)	Estimated time frame for utilisation of proceeds (from date of listing of placement shares)
Capital expenditure	5.64	Within 6 months
Payment to trade creditors	1.80	Within 6 months
Private placement expenses	0.20	Within 1 month
Total	7.64	

Source: Company

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