



Friday, November 23, 2012

FBMKLCI: 1,618.55

Sector: Media

Asia Media Group Berhad

9MFY12 Well in Line

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TP: RM0.27, Ex: RM0.18(-8.9%)

Last traded: RM0.395, Ex: RM0.20

SELL

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Review

- Asia Media 9MFY12 net profit of RM12.9mn came in line with our estimates making up 72% of our full year forecast of RM18mn.
- The group recorded a robust revenue growth of 20.2% YTD to RM33.6mn (+37.7% YoY; +4.2% QoQ) attributed to the growth of all its segments with the bigger boost coming from its creative and production segment.
- Meanwhile, PBT grew by 10.2% driven by its Airtime segment which grew by 19.7% YTD to RM3.8mn. The Airtime segment garners the biggest PBT margin for the group. While EBITDA margin expanded by 2.1ppt YTD, the group's PBT margin contracted by 3.5ppt YTD. This is on the back of a higher depreciation cost incurred for the current reported 9MFY12 attributable to the Digital Terrestrial TV Broadcasting towers.
- No dividends were announced for the current quarter as we had expected since the company is still at its growth stage.

Impact

- No change to our estimates.

Outlook

- We continue to remain optimistic on the group performance in years ahead with 5 DTTB towers expected to begin commissioning beginning next year, hence for the higher ad rate expected in the coming years.
- Despite the positive outlook, we are still concerned about certain risk such as lower corporate adex, lost of concessionaire agreement, revocation of licenses, delays in the DTTB roll out and its limitation in providing DOOH to Rapid KL buses only.

Valuation

- Maintain TP of RM0.27 (after full dilution of warrants only) and Ex-TP of RM0.18 (diluted for warrants and bonus) based on PE of 5x to diluted FY13 EPS. Due to the limited upside on the stock which closed at RM0.395 (Ex: RM0.20; diluted for bonus only). We are downgrading the stock to a **Sell** (Hold previously) due to the limited upside.

Share Information

Bloomberg Code	AMGB MK
Stock Code	AMEDIA
Listing	ACE Market
Share Cap (mn)	250.8
Market Cap (RMmn)	0.0
Par Value	0.10
52-wk Hi/Lo (RM)	1.15/0.27
12-mth Avg Daily Vol ('000 shrs)	8461.6
Estimated Free Float (%)	70
Beta	1.28
Major Shareholders (%)	

Wong SK Holdings - 30.0

Forecast Revision

	FY12	FY13
Forecast Revision (%)	0.0	0.0
Adj Net profit (RMm)	18.0	27.4
Previous Rating	Hold (Downgrade)	

Financial Indicators

	FY12	FY13
ROE (%)	28.2%	25.6%
ROA (%)	18.8%	20.9%
NTA/Share (RM)	0.27	0.19
Price/NTA (x)	1.2	1.6

Scorecard

	% of FY	
vs TA	72.0	Above

Share Performance (%)

Price Change	AMGB	FBM KLCI
1 mth	23%	-2.8%
3 mth	-58%	-2.0%
6 mth	14%	5.1%
12 mth	146%	12.9%

(12-Mth) Share Price relative to the FBM KLCI



Source: Bloomberg

Table 1: Earnings summary (RM'mn)

FYE: 31 Dec (RMm)	2010@	2011	2012F	2013F	2014F
Revenue	16.6	36.5	43.8	56.4	72.7
EBITDA	11.3	17.7	22.3	29.9	37.2
EBITDA margin (%)	68.4	48.3	50.9	53.1	51.2
Pretax profit	10.3	15.0	19.1	29.7	36.8
Adj Net profit	10.3	15.0	18.0	27.4	33.9
FD EPS	2.0	3.0	3.6	3.6	4.5
FD EPS growth (%)		46.0	20.2	1.2	23.7
PER (x)	7.8	5.3	4.4	4.4	3.6
Net DPS (sen)	0.0	0.0	0.0	0.7	0.9
Net div yield (%)	0.0	0.0	0.0	4.6	5.6
Core ROE (%)	44.2	36.2	28.2	25.6	20.8

*Based on 15MFY10

Table 2: 3Q12 Results analysis (RM'mn)

YE 31 Dec	3Q12	2Q12	3Q11	QoQ (%)	YoY (%)	9M12	9M11	YTD (%)
Revenue	11.6	11.1	8.4	4.2%	37.7%	33.6	27.9	20.2%
EBITDA	5.8	5.5	4.0	5.5%	44.9%	17.0	13.5	25.4%
Net finance cost	0.0	0.0	0.0	18.5%	220.0%	0.1	0.0	-2262.2%
PBT	4.2	4.3	3.4	-1.8%	23.6%	12.9	11.7	10.2%
Taxation	0.0	0.0	0.0	na	na	0.0	0.0	na
Net profit	4.2	4.3	3.4	-1.8%	23.7%	12.9	11.7	10.3%
EPS (sen)	1.7	1.8	1.5	-7.2%	12.8%	5.4	5.2	3.8%
Net DPS (sen)	0.0	0.0	0.0	na	na	0.0	0.0	na
EBITDA margin (%)	50.0%	49.4%	47.5%			50.5%	48.4%	
PBT margin (%)	36.2%	38.4%	40.4%			38.5%	42.0%	
Net margin (%)	36.2%	38.5%	40.4%			38.5%	42.0%	
Tax rate (%)	0.0%	0.0%	0.0%			0.0%	0.0%	

Table 3: Segmental analysis

FYE: 31 Dec (RMm)	3Q11	2Q12	3Q12	YoY (%)	QoQ (%)	9M11	9M12	YTD (%)
Airtime	1.2	1.6	1.8	52%	11.0%	4.0	5.1	25.9%
Programme sponsorship	3.0	3.5	4.0	31%	12.5%	9.9	11.0	10.3%
Creative & Production	4.2	6.0	5.8	39%	-2.6%	14.0	17.6	25.6%
Group Revenue	8.4	11.1	11.6	38%	4.2%	27.9	33.6	20.2%
Airtime	1.4	1.2	0.9	-32%	-24.6%	3.2	3.8	19.7%
Programme sponsorship	2.5	2.2	1.9	-25%	-13.4%	6.5	6.9	6.4%
Creative & Production	0.2	0.8	0.5	114%	-40.0%	1.8	2.0	11.8%
Other operating income	0.1	0.1	0.1	14%	37.5%	0.3	0.3	-15.1%
Group pretax profit	4.2	4.3	3.4	-19%	-20.6%	11.7	12.9	10.2%
Airtime margin (%)	113.4	74.7	50.7			78.8	74.9	
Programme sponsorship margin (%)	83.4	62.4	48.1			65.3	63.0	
Creative & Production margin (%)	5.2	13.0	8.0			12.7	11.3	
Group pretax profit margin margin (%)	49.9	38.4	29.3			42.0	38.5	

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