



Asia Media Group Berhad

Earnings on Track

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Review

- Asia Media's 1H12 net profit of RM8.9mn made up 43% of our full year estimate. We deem this in line as we expect the group to be generating more revenue in the second half of the year especially coming from the DTTB roll out.
- Overall the group performed well growing its top line by 12.7% YTD with EBITDA seeing a bigger boost of 18.5% YTD. The bulk of the revenue came from its creative & production and programme sponsorship segment with each segment recording a revenue growth of 20.0% and 1.3% YTD respectively. PBT, however, grew to a lesser extent by 6.2% with margin contracting by 2.4ppt on the back of a higher depreciation cost mainly coming from its DTTB towers.
- QoQ, the group recorded positive revenue growth of 2.6%, however, recorded a drop of 6.4% at its PBT level, which we believe due to its creative & production segment. Overall PBT margin contracted slightly by 3.7ppt.
- No dividends were announced for the current quarter as we had expected since the company is still at its growth stage.

Impact

- Maintaining our earnings since adjustment were made in previous company update report.

Outlook

- The Digital Our of Home (DOOH) segment is currently at its infant stage compared to other advertising mediums. However according to Nielson Media Research, the DOOH media adex grew by CAGR grew by a whopping 75% between 2007 and 2010 which was significantly higher than the total industry adex of 12%. We believe this displays a great opportunity for Asia Media to tap especially given its strong foothold in the DOOH segment making up 74% of market share.
- With 5 DTTB towers expected to begin commissioning in the second half of this year, we are optimistic that the group would be able to charge higher ad rate on the back of its unique customization feature for its clients.
- Despite the positive outlook, we are still concern on certain risk such as lower corporate adex, lost of concessionaire agreement, revocation of licenses, delays in the DTTB roll out in the second half of this year and limitation to providing DOOH to Rapid KL buses only.

TP: RM0.653 (-24.5%)

Last traded: RM0.865

SELL

Share Information

Bloomberg Code	AMGB MK
Stock Code	AMEDIA
Listing	ACE Market
Share Cap (mn)	250.8
Market Cap (RMmn)	216.9
Par Value	0.10
52-wk Hi/Lo (RM)	0.90/0.23
12-mth Avg Daily Vol ('000 shrs)	5291.8
Estimated Free Float (%)	58.5
Beta	na
Major Shareholders (%)	
	Wong Sk Holdings - 41.47
	TA Unit Trust - 2.38

Forecast Revision

	FY12	FY13
Forecast Revision (%)	0.0	0.0
Net profit (RMm)	20.8	32.8
Previous Rating	Sell(Downgrade)	

Financial Indicators

	FY12	FY13
Net Debt / Equity (%)	27.6%	4.6%
ROE (%)	31.7%	37.4%
ROA (%)	21.2%	29.1%
NTA/Share (RM)	0.28	0.42
Price/NTA (x)	3.1	2.1

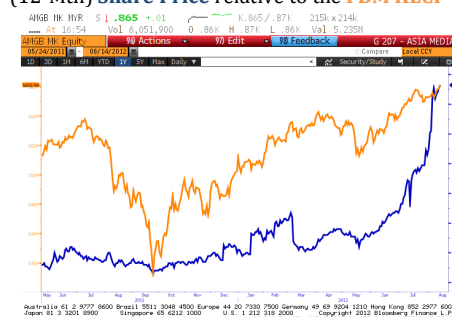
Scorecard

	% of FY
vs TA	43.0%

Share Performance (%)

Price Change	AMGB	FBM KLCI
1 mth	59%	1.6%
3 mth	144%	4.9%
6 mth	137%	5.5%
12 mth	326%	11.4%

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



Source: Bloomberg

Valuation

- Maintaining TP of RM0.653 based on a PE of 5x. However due to the recent price run, we are downgrading the stock to a Sell (hold previously) as the total downside on the stock is 24.5%.

Table 1: Earnings summary (RM'mn)

FYE: 31 Dec (RMm)	2010*	2011	2012F	2013F	2014F
Revenue	16.6	36.5	45.4	63.6	82.9
EBITDA	11.3	17.7	25.1	38.2	47.8
EBITDA margin (%)	68.4	48.3	55.3	60.0	57.7
Pretax profit	10.3	15.0	21.9	35.3	44.9
Net profit	10.3	15.0	20.8	32.8	41.8
EPS (sen)	4.1	6.0	8.3	13.1	16.6
EPS growth (%)	58.9	46.0	38.3	57.8	27.5
PER (x)	21.1	14.5	10.5	6.6	5.2
Net DPS (sen)	0.0	0.0	0.0	2.5	2.5
Net div yield (%)	0.0	0.0	0.0	0.0	0.0
Core ROE (%)	44.2	36.2	31.7	37.4	33.5

*Based on 15MFY10

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

YE 31 Dec	2Q12	1Q12	2Q11	QoQ (%)	YoY (%)	6M12	6M11	YTD (%)
Revenue	11.1	10.9	9.5	2.6%	17.0%	22.0	19.5	12.7%
EBITDA	5.5	5.8	4.8	-5.0%	14.8%	11.3	9.5	18.5%
Net finance cost	0.0	0.0	0.0	28.6%	107.7%	0.0	0.0	77.8%
PBT	4.3	4.6	4.2	-6.4%	2.1%	8.9	8.3	6.2%
Taxation	0.0	0.0	0.0	na	na	0.0	0.0	na
Net profit	4.3	4.6	4.2	-6.5%	2.2%	8.9	8.3	6.2%
EPS (sen)	1.8	2.0	1.8	-10.0%	-1.6%	3.8	3.8	1.9%
Net DPS (sen)	0.0	0.0	0.0	na	na	0.0	0.0	na
EBITDA margin (%)	49.4%	53.3%	50.3%			51.3%	48.8%	
PBT margin (%)	38.4%	42.2%	44.0%			40.3%	42.7%	
Net margin (%)	38.5%	42.2%	44.0%			40.3%	42.7%	
Tax rate (%)	0.0%	0.0%	0.0%			0.0%	0.0%	

Table 3: Segmental analysis

FYE: 31 Dec (RMm)	2Q11	1Q12	2Q12	YoY (%)	QoQ (%)	6M11	6M12	YTD (%)
Airtime	1.7	1.6	1.643	-2%	3.4%	2.8	3.2	14.9%
Programme sponsorship	3.4	3.4	3.539	6%	3.0%	6.9	7.0	1.3%
Creative & Production	4.5	5.8	5.955	32%	2.2%	9.8	11.8	20.0%
Group Revenue	9.5	10.9	11.1	17%	2.6%	19.5	22.0	12.7%
Airtime	1.3	1.2	1.227	-8%	1.2%	2.2	2.4	9.1%
Programme sponsorship	2.2	2.2	2.21	0%	1.0%	4.6	4.4	-3.8%
Creative & Production	0.6	1.1	0.772	40%	-27.5%	1.3	1.8	39.7%
Other operating income	0.1	0.1	0.072	-35%	-34.5%	0.2	0.2	-16.5%
Group pretax profit	4.2	4.6	4.3	2%	-6.4%	8.3	8.9	6.2%
Airtime	79.5	76.3	74.7			79.5	75.5	
Programme sponsorship	65.7	63.7	62.4			66.4	63.0	
Creative & Production	12.2	18.3	13.0			13.4	15.6	
Group pretax profit margin	44.0	42.2	38.4			42.7	40.3	

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