



Asia Media Group Berhad

Growth Slowed Down

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Review

- Asia Media's 1QFY13 net profit of RM3.7mn came in below our estimate, accounted for 16% of our FY13 full-year forecast. The variance was due to the lower top line growth recorded as compared to our forecast.
- YoY, 1QFY13 net profit dropped 17.5% from RM4.5mn despite 7.5% increase in revenue to RM11.7mn. The decrease in net margin from 41.0% to 31.5% was largely due to higher depreciation cost which jumped from RM1.1mn to RM2.1mn.
- QoQ, Asia Media turned around from a loss of RM1.2mn recorded in 4QFY12 due to bumpy deferred tax liabilities while revenue improved by 4.4% from RM11.2mn previously.
- No dividend was declared.

Impact

- We cut our earnings forecasts for FY13-FY15 by 26.5% to 35.9% as we trim the estimated revenue growth rates from 3 year average CAGR of 25.9% to 10.0%, factoring in the delay in the launch of Digital Terrestrial Television Broadcasting (DTTB) expected in 1QFY13.

Outlook

- The game changer for Asia Media hinges on the successful rollout and implementation of DTTB which is are likely to attract more advertisers and command better ad rates due to live and more interactive broadcasting. We now expect the group to commence the DTTB system by 3QFY13.
- The licensing agreement with RapidKL for the right and access to Asia Media to install, operate and maintain the audio visual advertising medium in RapidKL buses will expire on 27 April 2013. We understand that Asia Media is in the midst of negotiation with RapidKL for the extension of the licensing agreement. We think that the renewal of the licensing agreement is likely given that Asia Media is the market leader, commanding a market share of about 95% in the Digital Out Of Home transit media segment (source: Frost & Sullivan, Feb 2013), being early mover in transit media segment and considering the high barriers of entry into the business.

Valuation

- We roll forward our base valuation year to CY14 and arrive at a lower target price of 10.5sen/share from 11.5sen/share previously, based on 5xCY14 PE valuation. Maintain **Sell** call on Asia Media.

TP: RM0.105(-28.6%)

Last traded: RM0.135

SELL

Share Information

Bloomberg Code	AMGB MK
Stock Code	AMEDIA
Listing	ACE Market
Share Cap (mn)	501.6
Market Cap (RMmn)	67.7
Par Value	0.10
52-wk Hi/Lo (RM)	0.575/0.13
12-mth Avg Daily Vol ('000 shrs)	15648.8
Estimated Free Float (%)	70.0
Beta	1.2

Major Shareholders (%)

Wong SK Holdings - 30.0

Forecast Revision

	FY13	FY14
Forecast Revision (%)	(31.4)	(26.5)
Net profit (RMm)	15.6	20.9
Previous Rating	Sell (Maintained)	

Financial Indicators

	FY13	FY14
ROE (%)	15.6%	17.6%
ROA (%)	12.8%	15.8%
NTA/Share (RM)	0.11	0.13
Price/NTA (x)	1.3	1.1

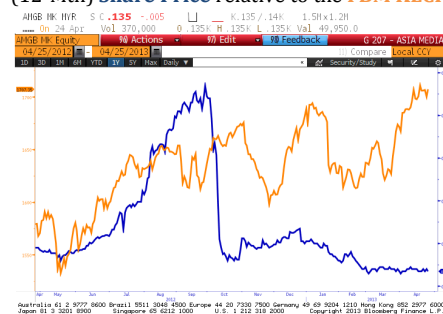
Scorecard

	% of FY	
vs TA	16.1	Below

Share Performance (%)

Price Change	AMGB	FBM KLCI
1 mth	(3.6)	4.9
3 mth	(22.9)	4.4
6 mth	(19.6)	2.4
12 mth	(28.9)	7.9

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



Source: Bloomberg

Table 1: Earnings summary (RM'mn)

FYE: 31 Dec (RMm)	2011	2012	2013F	2014F	2015F
Revenue	36.5	44.8	47.8	54.1	59.6
EBITDA	17.7	25.8	21.4	27.0	28.4
EBITDA margin (%)	48.3	57.6	44.9	49.8	47.7
Pretax profit	15.0	15.9	16.0	21.3	22.4
Net profit	15.0	11.8	15.6	20.9	22.1
Core net profit	15.0	11.8	15.6	20.9	22.1
EPS* (sen)	3.0	2.3	1.6	2.1	2.2
Core EPS (sen)	3.0	2.3	1.6	2.1	2.2
Core EPS growth (%)	46.0	(23.6)	(31.9)	33.8	5.5
PER (x)	4.5	5.9	8.7	6.5	6.1
Net DPS (sen)	0.0	0.0	0.3	0.4	0.4
Net div yield (%)	0.0	0.0	2.3	3.1	3.3
Core ROE (%)	36.2	16.9	15.6	17.6	15.8

*Adjusted for 1:1 Bonus in Dec 12

4Q12 Results analysis (RM'mn)

YE 31 Dec	1Q12	4Q12	1Q13	QoQ (%)	YoY (%)	3MFY12	3MFY13	YTD (%)
Revenue	10.9	11.2	11.7	4.4	7.5	10.9	11.7	7.5
EBITDA	5.6	9.1	5.8	(36.3)	4.2	5.6	5.8	4.2
Net finance cost	(0.0)	(0.0)	(0.0)	2.4	100.0	(0.0)	(0.0)	100.0
PBT	4.5	3.0	3.7	23.7	(17.5)	4.5	3.7	(17.5)
Taxation	0.0	(4.2)	0.0	(100.0)	nm	0.0	0.0	nm
Net profit	4.5	(1.2)	3.7	(403.6)	(17.5)	4.5	3.7	(17.5)
EPS* (sen)	0.9	(0.2)	0.7	(403.6)	(17.5)	0.9	0.7	(17.5)
Net DPS (sen)	0.0	0.0	0.0	nm	nm	0.0	0.0	nm
EBITDA margin (%)	51.2	81.4	49.7	(31.8)	(1.5)	51.2	49.7	(1.5)
PBT margin (%)	41.0	26.6	31.5	4.9	(9.6)	41.0	31.5	(9.6)
Net margin (%)	41.0	(10.8)	31.5	42.3	(9.5)	41.0	31.5	(9.5)
Tax rate (%)	0.0	(140.4)	0.0	140.4	0.0	0.0	0.0	0.0

*Adjusted for 1:1 Bonus in Dec 12

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