



TA SECURITIES

A MEMBER OF THE TA GROUP

MENARA TA ONE, 22 JALAN P. RAMLEE, 50250 KUALA LUMPUR, MALAYSIA TEL: +603-20721277 / FAX: +603-20325048

RESULTS PREVIEW

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FBM KLCI: 1,519.41

Asia Media Group Berhad

Expecting Earnings to Come in Strong

Tuesday, May 10, 2011

TP: RM0.34 (+51.1%)

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): RM51.3mn
Current Price: RM0.225
Market/ Sector: ACE Market/Media
Stock Code: 0159

TA Research Team Coverage

aarontan@ta.com.my

+603-2072-1277 ext:1616

Key Stock Statistics

FYE Dec 31		2011F	2012F
EPS	(sen)	5.2	6.2
PER	(x)	4.4	3.7
Gross div/ share	(sen)	na	na
NTA/share	(sen)	28.3	36.2
Book value/ share	(sen)	26.0	32.2
Issued capital	(mn shares)	228.0	228.0
52 weeks share price range	(RM)	na	na

Per Share Data

FYE Dec 31		2010	2011F	2012F
Book Value	(sen)	11.5	26.0	32.2
Cash Flow	(sen)	(1.0)	(14.8)	(7.8)
Earnings	(sen)	3.4	5.2	6.2
Dividend	(sen)	na	na	na
Payout Ratio		na	na	na
PER (x)	(x)	6.6	4.4	3.7
P/ Cash Flow	(x)	(0.5)	(0.0)	(0.1)
P/ Book Value	(x)	2.0	0.9	0.7
Dividend Yield	(%)	na	na	na
ROE	(%)	29.5	20.1	19.4
Net Gearing	(%)	na	(0.1)	0.0

P&L Analysis (RMmn)

FYE Dec 31		2010	2011F	2012F
Revenue		23.4	31.6	42.0
Operating Profit		7.8	12.1	14.7
Depreciation		(1.4)	(1.6)	(3.3)
Interest Expenses		(0.1)	(0.2)	(0.4)
Pre-tax Profit		7.7	11.9	14.2
Effective Tax Rate	(%)	na	na	na
Net Profit		7.7	11.9	14.2
Operating Margin	(%)	68.6	73.0	67.1
Pre-tax Margin	(%)	33.1	37.7	33.9
Net-Margin	(%)	33.1	37.7	33.9

Share Price relative to the FBM KLCI

<HELP> for explanation.



Source: Bloomberg

1QFY11 Results Preview

Asia Media Group Bhd will be announcing its 1QFY11 results sometime this month. We expect earnings to come in very strong above our FY11 earnings forecast of RM11.9mn. We believe that first quarter net profit could possibly surpass RM4mn. The earnings driver for the group would continue to be from its existing pre-IPO business which is the sale of air-time, programme sponsorship (both of which are still pre-recorded) and creative production.

Historically, the utilisation rate of the sale of air-time is around 30%. However, we are expecting the utilisation rate to have increased with the increased in advertisers. We project FY11's full year utilisation rate to be around 50%.

EPP Booster & Main Market Migration

On 19 April 2011, Prime Minister Najib announced that the group would be one of the companies involved in its Entry Point Project for its Government Transformation Programme. The group plans to spend around RM500mn until year 2020 to develop digital live transit television broadcasting infrastructure in Malaysia for this initiative. We view this as a highly positive development as the group now has the support of the government to vie for public transportation concessions (ie. LRT, Monorail) and also approvals for undertaking new ventures.

In addition to this, the group has recently made-known to the public that it is intending to migrate to the Main Market of the Bursa Malaysia sometime next year to gain better exposure and also to allow larger funds participation. Thus, if the group's earnings were to come in inline with our forecasts, we believe that this would definitely be a possibility.

Hiccup in Singapore Venture

The group has announced that the potential acquisition of a Singaporean company is a no-go due to disagreements on certain terms. However, the company will continue to expand the Digital Live Transit-TV Broadcasting business in Malaysia and to explore other overseas expansion opportunities. We believe that the group will continue its hunt for a company with broadcasting licenses in Singapore.

We have not imputed potential earnings from outside Malaysia into our forecasts which makes earnings relatively unscathed.

Valuation and Recommendation

Although we believe that the group's 1QFY11 earnings might come in strong above our forecast, we are taking a conservative approach to maintain our current target price until the results are released. Hence, we maintain our Buy recommendation with a target price of RM0.34/share based on an FY11 target PER of 6.5x and an EPS of 5.23sen.

1 Earnings Summary (RMmn)

FYE 31 Dec (RMmn)	2010	2011F	2012F	2013F
Revenue	23.4	31.6	42.0	56.1
Gross Profit	11.3	16.5	21.6	28.3
PBT	7.7	11.9	14.2	17.8
PAT	7.7	11.9	14.2	17.8
EBITDA	9.3	13.7	18.0	23.5
EBIT	7.8	12.1	14.7	18.4
EPS (sen)	3.4	5.2	6.2	7.8
Gross Dividend (sen)	0.0	0.0	0.0	1.6
Dividend Yield (%)	0.0	0.0	0.0	7.1
PER - based on current price (x)	6.8	4.4	3.7	2.9
ROE (%)	29.5	20.1	19.4	20.3
ROA (%)	24.9	17.9	16.8	17.2
NTA/Share (sen)	12.7	28.3	36.2	44.3

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 Kaladher Govindan – Head of Research