



TA SECURITIES

A MEMBER OF THE TA GROUP

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RESULTS UPDATE

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FBM KLCI: 1,532.12

Asia Media Group Berhad

Wednesday, May 25, 2011

Strong Earnings Supported by Strong Sales

TP: RM0.45 (+73.1%)

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): RM59.28mn
Current Price: RM0.26
Market/ Sector: ACE Market/Media
Stock Code: 0159

TA Research Team Coverage

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Key Stock Statistics

FYE Dec 31		2011F	2012F
EPS	(sen)	6.9	10.7
PER	(x)	3.8	2.4
Gross div/ share	(sen)	na	na
NTA/share	(sen)	30.6	43.9
Book value/ share	(sen)	27.7	38.4
Issued capital	(mn shares)	228.0	228.0
52 weeks share price range	(RM)	0.21 - 0.43	

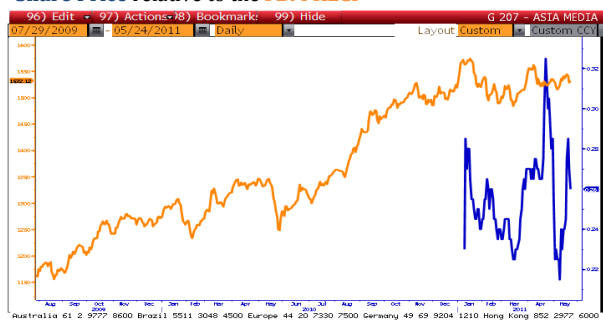
Per Share Data

FYE Dec 31		2010	2011F	2012F
Book Value	(sen)	11.5	27.7	38.4
Cash Flow	(sen)	(1.0)	(11.7)	1.3
Earnings	(sen)	3.4	6.9	10.7
Dividend	(sen)	na	na	na
Payout Ratio		na	na	na
PER (x)	(x)	7.7	3.8	2.4
P/ Cash Flow	(x)	(0.6)	(0.1)	0.5
P/ Book Value	(x)	2.3	0.9	0.7
Dividend Yield	(%)	na	na	na
ROE	(%)	29.5	25.0	27.9
Net Gearing	(%)	na	(0.1)	(0.1)

P&L Analysis (RMmn)

FYE Dec 31		2010	2011F	2012F
Revenue		23.4	49.4	84.7
Operating Profit		7.8	16.0	24.8
Depreciation		(1.4)	(1.6)	(3.3)
Interest Expenses		(0.1)	(0.2)	(0.4)
Pre-tax Profit		7.7	15.8	24.4
Effective Tax Rate	(%)	na	na	na
Net Profit		7.7	15.8	24.4
Operating Margin	(%)	68.6	72.3	69.1
Pre-tax Margin	(%)	33.1	32.0	28.8
Net-Margin	(%)	33.1	32.0	28.8

Share Price relative to the FBM KLCI



Results Review

- Asia Media Group Bhd reported its 1Q11 results yesterday of RM4.2mn, beating our estimates constituting 34.9% of our full year's forecasts.
- Revenue increased 43% while bottomline grew an impressive 91% sequentially.
- The strong earnings were a result of two key factors, namely the increase in advertisers and also the increase in programme sponsorships.
- Bottomline margin improved sequentially, primarily from its programme sponsorship segment which grew from 64.7% to 68.6% due to a higher take up rate in its advertising slots.
- The group's utilisation rate of its air-time was historically around 30% and we forecasts FY11's full year's utilisation rate to probably hover around this level.

Impact

- We adjust FY11 and FY12's forecasts upwards by 32.6% and 72% respectively to account for the better than expected results and the increase in programme sponsorships.

Outlook

- We continue to be bullish on Asia Media and believe that there will be more positive news flows for the group this year.
- In addition to that, we believe that the group would strongly benefit from its recent appointment as an Entry Point Project partner under the Government Transformation Programme to develop digital live transit television broadcasting infrastructure in Malaysia.
- We opine that the appointment would strongly enhance the group's ability in securing concessions to install LCD panels on buses and rail networks ie. LRT, Monorail etc.
- Although the group mentioned that it has decided not to go ahead with the acquisition of a Singaporean company, the group is still very much interested in penetrating the Singaporean market.
- The group's potential migration to the Main Market sometime next year would definitely make this stock more attractive, especially to institutional funds.

Valuation & Recommendation

- We upgrade our target price from RM0.34/share to RM0.45/share based on an unchanged FY11 target PER of 6.5x with a new EPS of 6.9sen.
- We recommend investors to Buy based on an impressive set of quarterly results and also bright prospects for this group.

Earnings Summary

FYE 31 Dec (RMmn)	2010	2011F	2012F	2013F
Revenue	23.4	49.4	84.7	112.1
Gross Profit	11.3	21.9	35.5	45.1
PBT	7.7	15.8	24.4	29.7
PAT	7.7	15.8	24.4	29.7
EBITDA	9.3	17.6	28.2	35.4
EBIT	7.8	16.0	24.8	30.3
EPS (sen)	3.4	6.9	10.7	13.0
Gross Dividend (sen)	0.0	0.0	0.0	2.6
Dividend Yield (%)	0.0	0.0	0.0	10.0
PER - based on current price (x)	7.7	3.8	2.4	2.0
ROE (%)	29.5	25.0	27.9	26.7
ROA (%)	24.9	21.9	23.9	22.6
NTA/Share (sen)	12.7	30.6	43.9	56.6

1Q11 Analysis

FYE Dec (RMmn)	4Q10	1Q11	QoQ (%)
Revenue	7.0	10.0	43.2
Operating expenses	(4.8)	(5.9)	23.4
Other operating income	0.0	0.1	328.0
Profit from operations	2.2	4.2	90.0
Finance cost	(0.0)	(0.0)	-17.6
Profit before taxation	2.2	4.2	90.8
Taxation	(0.0)	0.0	-100.0
Profit for the period	2.2	4.2	91.0
PAT attributable to:			
Equity holders	2.2	4.2	91.0
Minority interest	0.0	0.0	0.0
Earnings Per Share (sen)	1.7	1.9	14.4
Revenue:	7.0	10.0	43.2
- Air Time	1.7	1.1	-32.4
- Programme Sponsorship	1.7	3.5	108.7
- Creative & Production	3.6	5.3	47.9
PBT:	2.2	4.2	90.8
- Air Time	1.4	0.9	-35.8
- Programme Sponsorship	1.1	2.4	112.2
- Creative & Production	(0.4)	0.8	-301.1
- Other Op Income	0.0	0.1	328.0

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