



TA SECURITIES

A MEMBER OF THE TA GROUP

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RESULTS UPDATE

Your guide to making
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FBM KLCI: 1,539.71

Asia Media Group Berhad

1QFY11 results slightly below expectation

Thursday, May 24, 2012

TP: RM0.51 (+47.8%)

Business Summary : Largest Transit-TV network operator in Malaysia
Major Shareholders (%) : Wong SK Holdings Sdn Bhd (43.4)
Company Website : www.asiamedia.net.my
IR Contact : Kelly Ang (603 5882 7788)

Recommendation: Buy
Market Capitalisation (RMmn): RM82.6
Current Price: RM0.345
Market/ Sector: ACE/Media
Stock Code: 0159

TA Research Team Coverage

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Key Stock Statistics

FYE Dec 31		2011	2012F
EPS	(sen)	6.1	10.1
PER	(x)	5.7	3.4
Net DPS	(sen)	-	-
NTA/share	(RM)	0.23	0.29
Book value/ share	(RM)	0.24	0.30
Issued capital	(mn shares)	228.0	
52 weeks share price range (RM)		0.21 / 0.43	

Per Share Data

FYE Dec 31		2010*	2011	2012F	2013F
Book Value	(RM)	0.09	0.24	0.30	0.43
Cash Flow	(sen)	0.6	(4.6)	(14.5)	7.9
Earnings	(sen)	4.1	6.1	10.1	12.7
Dividend	(sen)	-	-	-	2.5
Payout Ratio	(%)	-	-	-	0.2
PER (x)	(x)	8.4	5.7	3.4	2.7
P/ Cash Flow	(x)	na	(0.1)	(0.0)	0.0
P/ Book Value	(x)	3.7	1.4	1.1	0.8
Dividend Yield	(%)	-	-	-	7.2
ROE	(%)	44.2	36.7	37.4	34.7
Net Gearing	(%)	Net cash	Net cash	0.4	0.1

* Based on 15MFY10

P&L Analysis (RMmn)

FYE Dec 31		2010*	2011	2012F	2013F
Revenue		16.6	36.5	63.6	84.5
Operating Profit / EBIT		10.3	15.3	26.1	32.1
Depreciation		(1.0)	(2.3)	(3.9)	(4.6)
Interest Expenses		(0.1)	(0.0)	(0.7)	(0.2)
Pretax Profit		10.3	15.2	25.4	31.9
Effective Tax Rate	(%)	0.0	0.0	0.0	0.0
Core Net Profit		10.3	15.2	25.4	31.9
Operating Margin	(%)	62.4	41.8	41.0	37.9
Pretax Margin	(%)	62.1	41.7	40.0	37.7
Net Margin	(%)	62.1	41.7	40.0	37.7

* Based on 15MFY10

1. 1QFY12 Result Review

FYE 31 Dec	1Q 2011	1Q 2012
Revenue	10.0	10.9
Operating Profit	4.2	4.6
Finance cost	(0.0)	(0.0)
Associates	-	-
Pre-tax Profit	4.2	4.6
Net Profit	4.2	4.6
Operating Margin (%)	41.7%	42.4%
Pre-tax Margin (%)	41.5%	42.2%
Net-Margin (%)	41.5%	42.2%

P&L Analysis (RM mn)

FYE 31 Dec	1Q 2011	1Q 2012	% Change
Revenue	10.0	10.9	8.6
Pre-tax Profit	4.2	4.6	10.2
	1Q 2011	1Q 2012	% Change
Revenue	10.0	10.9	8.6
Net Profit	4.2	4.6	10.3

2. 1QFY12 Result Highlights

Asia Media Group's (AMGB) 1Q12 net profit of RM4.6mn came in slightly below our expectation, making up only 14% of our full year forecast. However, we are not too concerned at this juncture due to seasonality.

YoY and QoQ pretax profit recorded a growth of 10.2% and 38.8% each spurred by greater sales (+8.6% YoY and +26.1% QoQ) coming from its Airtime (+39.1% YoY, 22.6% QoQ) and Creative and production segment (+9.6% YoY, +61.8% QoQ) along with improving margin especially in its Creative Production segment. Its Programme sponsorship segment, however, fell by 5.1% YoY and 2.9% QoQ.

No dividends were declared for the current quarter as expected since the company is still in its early stages of growth, which would require extensive capex.

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



Source: Bloomberg

3. Recent Developments

The group has also recently announced that it is seeking to transfer its listing to the Main Market only after a year of being listed. We think this would bode well for the group to beef up its reputation among investors and customers.

4. Earnings Outlook

Remain positive on its earnings outlook in FY12-13. We have projected a 25.5% YoY increase in net profit for FY12 premised on organic expansion in distribution network with greater number of RapidKL buses, and potential upside from LRT and MRT concessions going forward.

5. Valuation & Recommendation

Reiterate Buy recommendation with target price of RM.051 (total upside of 47.8%) based on 5x FY12 PER. We believe the PER is warranted given the stock's aggressive growth prospects with the upgrading of public network system (LRT & MRT), and with the transfer of listing to the main market.

6. Other charts

Segmental Analysis

FYE: 31 Dec (RMm)	1Q11	4Q11	1Q12	YoY (%)	QoQ (%)	3M11	3M12	YoY (%)
Airtime	1.1	1.3	1.6	39.1%	22.6%	1.1	1.6	39.1%
Programme sponsorship	3.5	3.7	3.4	-2.8%	-7.3%	3.5	3.4	-2.8%
Creative & Production	5.3	3.6	5.8	9.6%	61.8%	5.3	5.8	9.6%
Group Revenue	10.0	8.6	10.9	8.6%	26.1%	10.0	10.9	8.6%
						-	-	
Airtime	0.9	1.0	1.2	33.6%	20.8%	0.9	1.2	33.6%
Programme sponsorship	2.4	2.4	2.2	-7.8%	-10.0%	2.4	2.2	-7.8%
Creative & Production	0.8	(0.0)	1.1	39.4%	-3058.3%	0.8	1.1	39.4%
Other operating income	0.1	(0.1)	0.1	2.8%	-208.9%	0.1	0.1	2.8%
Group pretax profit	4.2	3.3	4.6	10.2%	38.8%	4.2	4.6	10.2%
						-	-	
Airtime	79.4	77.4	76.3	-4.0%	-1.4%	79.4	76.3	-4.0%
Programme sponsorship	67.1	65.5	63.7	-5.1%	-2.9%	67.1	63.7	-5.1%
Creative & Production	14.4	(1.0)	18.3	27.2%	-1928.5%	14.4	18.3	27.2%
Group pretax profit margin	41.5	38.3	42.2	1.5%	10.1%	41.5	42.2	1.5%

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