



Monday, 8 October, 2012

FBMKLCI: 1,660.23

Sector: Media

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Asia Media Group Berhad

Bonus Issue and Free Warrants

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TP: RM0.653, Ex:RM0.23 (-52.3%)

Last traded: RM0.87, Ex: RM0.44

SELL

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Announcement

- Last Friday, Asia Media Group Berhad proposed i) bonus issue on the basis of 1 bonus share for every 1 existing Asia Media share and ii) free warrants on the basis of 1 warrant for every 1 existing Asia Media share. The proposals are expected to be completed by fourth quarter of this year.

Impact

- Upon completion of the proposed bonus issue and assuming all free warrants are exercised (indicative exercise price RM0.511 vs. RM0.870), the group's share capital will increase by 200% to 752.4mn shares from 250.8mn currently.
 - We have also adjusted our net profit to increase by 5.8% to RM34.7mn for FY13 after taking into account the interest income accrued (interest rate of 2%) assuming all warrants are exercised at the indicative price of RM0.511.
 - The additional shares from the bonus issue will boost trading liquidity of the group and prepare for the group's eventual target to transfer to Main Board.
- ### Current status
- The two DTTB towers (USJ and Berjaya Times Square) have been rolled out however will only begin commissioning once the other 3 DTTB towers (Bukit Lanjang, Bukit Besi and Puchong) have been rolled out. The group is still expecting the simultaneous commissioning to be on schedule, targeted by year end.
 - Following this, we are expecting ad rates to increase by 25% which we have already imputed in our earnings forecasts.
 - Despite the positive outlook, we are still concerned on certain risk such as declining corporate adex, delays in the DTTB roll out in the second half of this year and limitation to providing DOOH to Rapid KL buses only.

Valuation

- No change to our TP of RM0.653 (before bonus issue and warrants issue) based on FY13 EPS of 13.1 sen pegged to a PE of 5x. However, on a fully diluted basis, the adjusted target price is RM0.23, which implies capital downside of 52.3% from the ex-price of RM0.44. Maintain Sell.

Share Information

Bloomberg Code	AMGB MK
Stock Code	AMEDIA
Listing	ACE Market
Share Cap (mn)	250.8
Market Cap (RMmn)	218.2
Par Value	0.10
52-wk Hi/Lo (RM)	1.15/0.24
12-mth Avg Daily Vol ('000 shrs)	6350.7
Estimated Free Float (%)	58.5
Beta	na

Major Shareholders (%)

Wong Sk Holdings - 41.47

Forecast Revision

	FY12	FY13
Forecast Revision (%)	0.0	5.8
Adj Net profit (RMm)	20.8	34.7
Previous Rating	Sell(Maintain)	

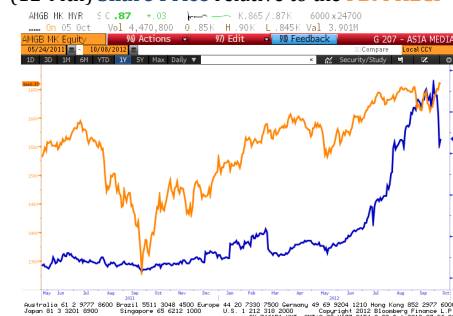
Financial Indicators

	FY12	FY13
ROE (%)	31.7%	31.0%
ROA (%)	21.2%	25.4%
NTA/Share (RM)	0.28	0.21
Price/NTA (x)	3.1	4.1

Share Performance (%)

Price Change	AMGB	FBM KLCI
1 mth	-17%	2.2%
3 mth	76%	2.4%
6 mth	149%	3.8%
12 mth	348%	18.6%

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



Source: Bloomberg

Table 1: Earnings summary (RMmn)

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FYE: 31 Dec (RMm)		2010@	2011	2012E	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	37.9	47.4
Adj Net profit#		10.3	15.0	20.8	34.7	43.7
FD EPS*		2.0	3.0	4.1	4.6	5.8
FD EPS growth	(%)		46.0	38.3	11.4	26.0
PER^	(x)	21.5	14.7	10.6	9.5	7.6
Net DPS*	(sen)	0.0	0.0	0.0	0.9	1.2
Net div yield^	(%)	0.0	0.0	0.0	2.1	2.6

@Based on 15MFY10

Adj for fully diluted warrants

*Adj for bonus issue and warrants

^Adj for ex-bonus price

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