



Asia Media Group Berhad

Surprised by Deferred Tax Liabilities

TP: RM0.115

Last traded: RM0.145

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SELL

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Review

- Asia Media's FY12 net profit of RM11.8mn came in below our estimate. The variance was due to lumpy deferred tax liabilities (DTL) of RM4.2mn recognised in 4Q12. We understand that the DTL resulting from the difference in annual depreciation rate of 10% and initial capital allowance of 20% in the purchase of Digital Terrestrial Television Broadcasting (DTTB) equipment. At PBT level, the earnings was slightly below our forecast, accounting for 94% of our estimate.
- YoY, full year revenue increased by 22.5% to RM44.8mn due to higher demand on all 3 segments (air time, programme sponsorship and creative & production). However, PBT grew only 5.9% as a result of lower operating margin.
- QoQ, revenue eased by 3.7% to RM11.2mn. Compounded by higher operating cost, PBT dropped 29.4% to RM3.0mn.
- No dividend was declared as we had expected since the company is still in the growth phase.

Impact

- No change to our estimates. The lower-than-expected FY net profit was due to the impact of DTL from the purchase of DTTB, which is one-off in the initial year.

Outlook

- The game changer for Asia Media hinges on the successful rollout and implementation of Digital Terrestrial Television Broadcasting infrastructure which is are likely to attract more advertisers and command better ad rates due to live and more interactive broadcasting. The group is expected to commence the DTTB system by end of 1QFY13 after almost 2 years of delay. Subsequently, the group intends to expand the DTTB infrastructure to Johor Bahru and Penang.

Valuation

- Maintain Sell call with unchanged TP of RM0.115.

Share Information

Bloomberg Code	AMGB MK
Stock Code	AMEDIA
Listing	ACE Market
Share Cap (mn)	501.6
Market Cap (RMmn)	72.7
Par Value	0.10
52-wk Hi/Lo (RM)	0.575/0.15
12-mth Avg Daily Vol ('000 shrs)	17574.6
Estimated Free Float (%)	70.0
Beta	1.3

Major Shareholders (%)

Wong SK Holdings - 30.0

Forecast Revision

	FY13	FY14
Forecast Revision (%)	0.0	0.0
Net profit (RMm)	22.8	28.4
Previous Rating	Sell (Maintained)	

Financial Indicators

	FY13	FY14
ROE (%)	21.9%	22.0%
ROA (%)	18.1%	19.6%
NTA/Share (RM)	0.11	0.14
Price/NTA (x)	1.3	1.0

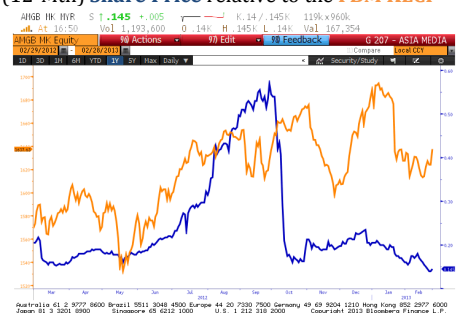
Scorecard

	% of FY	
vs TA	69.3	Below

Share Performance (%)

Price Change	AMGB	FBM KLCI
1 mth	23%	-2.8%
3 mth	-58%	-2.0%
6 mth	14%	5.1%
12 mth	146%	12.9%

(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	54.0	69.6	89.5
EBITDA	17.7	25.8	28.6	34.5	40.8
EBITDA margin (%)	48.3	57.6	53.0	49.6	45.6
Pretax profit	15.0	15.9	23.2	28.8	34.8
Net profit	15.0	11.8	22.8	28.4	34.4
Core net profit	15.0	11.8	22.8	28.4	34.4
EPS* (sen)	3.0	2.3	2.3	2.8	3.4
Core EPS (sen)	3.0	2.3	2.3	2.8	3.4
Core EPS growth (%)	46.0	(23.6)	(0.7)	24.9	20.9
PER (x)	4.8	6.3	6.4	5.1	4.2
Net DPS (sen)	0.0	0.0	0.5	0.6	0.7
Net div yield (%)	0.0	0.0	3.1	3.9	4.7
Core ROE (%)	36.2	16.9	21.9	22.0	21.4

*Adjusted for 1:1 Bonus in Dec 12

4Q12 Results analysis (RM'mn)

YE 31 Dec	4Q11	3Q12	4Q12	QoQ (%)	YoY (%)	FY11	FY12	YTD (%)
Revenue	8.6	11.6	11.2	(3.7)	29.8	36.5	44.8	22.5
EBITDA	4.0	5.7	9.1	59.2	126.6	17.7	25.8	46.2
Net finance cost	(0.0)	(0.0)	(0.0)	28.1	241.7	(0.0)	(0.1)	146.9
PBT	3.5	4.2	3.0	(29.4)	(15.1)	15.0	15.9	5.9
Taxation	0.0	0.0	(4.2)	nm	nm	0.0	(4.2)	nm
Net profit	3.5	4.2	(1.2)	(128.8)	(134.6)	15.0	11.8	(21.7)
EPS* (sen)	0.7	0.8	(0.2)	(128.8)	(134.6)	3.0	2.3	(21.7)
Net DPS (sen)	0.0	0.0	0.0	nm	nm	0.0	0.0	nm
EBITDA margin (%)	46.7	49.3	81.4	32.2	34.8	48.3	57.6	9.3
PBT margin (%)	40.7	36.2	26.6	(9.6)	(14.1)	41.1	35.5	(5.6)
Net margin (%)	40.6	36.2	(10.8)	(47.0)	(51.4)	41.1	26.3	(14.8)
Tax rate (%)	0.0	0.0	(140.4)	(140.4)	(140.4)	0.0	(26.2)	(26.2)

*Adjusted for 1:1 Bonus in Dec 12

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