



TA SECURITIES

A MEMBER OF THE TA GROUP

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RESULTS UPDATE

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FBM KLCI: 1,558.01

Asia Media Group Berhad

Strong Earnings Momentum

Tuesday, August 2, 2011

TP: RM0.45 (+63.6%)

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): RM62.7mn
Current Price: RM0.275
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)	4.0	2.6
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)	8.1	4.0	2.6
P/ Cash Flow	(x)	(0.7)	(0.1)	0.5
P/ Book Value	(x)	2.4	1.0	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

Results Review

- Asia Media Group Bhd reported its 2Q11 net profit of RM4.2mn. The 1HFY11 earnings came in within expectations at 52.9% of our full year's forecasts. Net margin expanded from 42% to 44% QoQ.
- Although revenue declined a meager 4.8%, bottomline expanded by 1% sequentially.
- The strong earnings were a result of strong 2Q11 air time sales, which grew 46.2% sequentially. PBT for air time sales also grew in tandem registering a QoQ growth of 46.4%.
- The decline in contributions from its creative & production segment was offset from the high margin air time sales.
- The group's utilisation rate of its air-time was historically around 30% and we forecast FY11 utilisation rate to probably hover around this level. We however note that the utilisation rate would increase in due course.

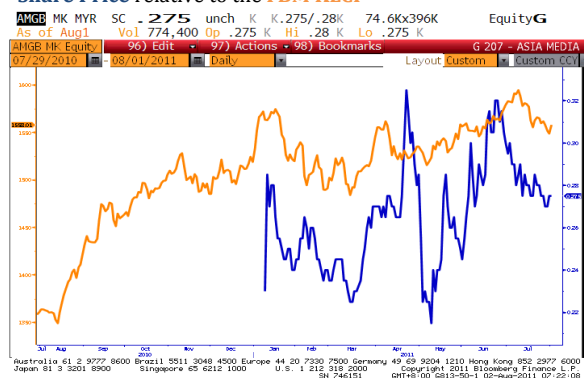
Impact

- No changes in our earnings estimate.

Outlook

- We continue to be bullish on Asia Media and we 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 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.

Share Price relative to the FBM KLCI



Source: Bloomberg

- We expect the group to announce its migration application plan from the ACE Market to the Main Market of the Bursa Malaysia sometime in 3Q11. The group's migration to the Main Market sometime next year would definitely make this stock more attractive, especially to institutional funds.

Valuation & Recommendation

- We maintain our target price at RM0.45/share based on an unchanged forward PER of 6.5x.
- 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	9.5
PER - based on current price (x)	8.1	4.0	2.6	2.1
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

2Q11 Analysis

FYE Dec (RMmn)	2Q10	1Q11	2Q11	QoQ (%)	YoY (%)	6M10	6M11	YoY (%)
Revenue	-	10.0	9.5	(4.8)	-	-	19.5	-
Operating expenses	-	(5.9)	(5.4)	(8.6)	-	-	(11.4)	-
Other operating income	-	0.1	0.1	3.7	-	-	0.2	-
Profit from operations	-	4.2	4.2	1.0	-	-	8.4	-
Finance cost	-	(0.0)	(0.0)	(7.1)	-	-	(0.0)	-
Profit before taxation	-	4.2	4.2	1.0	-	-	8.3	-
Taxation	-	0.0	0.0	-	-	-	0.0	-
Profit for the period	-	4.2	4.2	1.0	-	-	8.3	-
PAT attributable to:								
Equity holders	-	4.2	4.2	1.0	-	-	8.3	-
Minority interest	-	0.0	0.0	-	-	-	0.0	-
Earnings Per Share (Sen)	-	1.9	1.8	(3.7)	-	-	3.8	-
Segmental Revenue:	-	10.0	9.5	(4.8)	-	-	19.5	-
- Air Time	-	1.1	1.7	46.2	-	-	2.8	-
- Programme Sponsorship	-	3.5	3.4	(5.3)	-	-	6.9	-
- Creative & Production	-	5.3	4.5	(15.4)	-	-	9.8	-
Segmental PBT:	-	4.2	4.2	1.0	-	-	8.3	-
- Air Time	-	0.9	1.3	46.4	-	-	2.2	-
- Programme Sponsorship	-	2.4	2.2	(7.2)	-	-	4.6	-
- Creative & Production	-	0.8	0.6	(27.9)	-	-	1.3	-
- Other Op Income	-	0.1	0.1	3.7	-	-	0.2	-

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