



Asia Media Group Berhad

Delay in Rollout of DTTB

THIS REPORT IS STRICTLY FOR INTERNAL CIRCULATION ONLY*

TA Research Team Coverage

+603-2072-1277 ext:1635

benghooi@ta.com.my

www.taonline.com.my

Delay in the commissioning of DTTB

Asia Media Group Berhad (Asia Media) has completed the installation of Digital Out-of-Home (DOOH) Digital Terrestrial Television Broadcasting (DTTB) transmission system in Klang Valley and the trial run for the system.

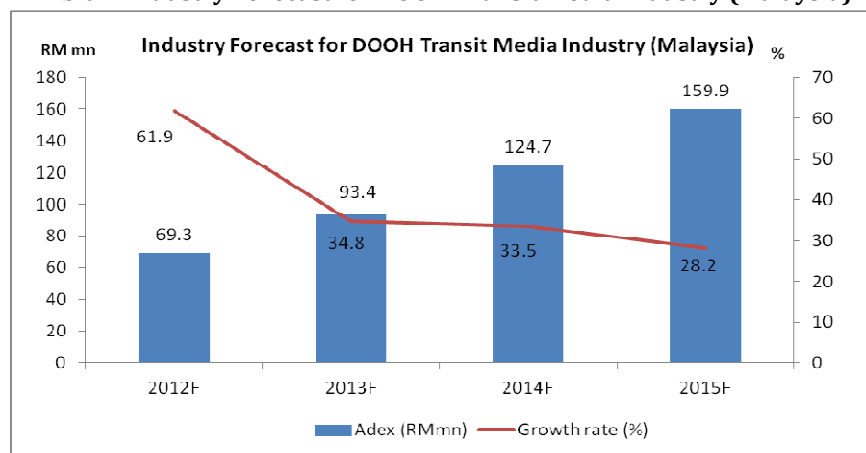
However, the rollout was delayed as i) more time is required to finalise the commercial terms with some of its clients for the air-time sales contract using DTTB technology; and ii) some of the contracts with the current customers under the existing pre-recorded system have yet to expire. The real-time DTTB is expected to command better air-time sales rate as it is a more effective method of delivering advertisements to audience, drawn by up-to-date news and entertainment, mitigating advertiser fatigue faced by traditional advertising platform.

No specific revised timeline was guided by the management but it is expected that the DTTB in Klang Valley to be rollout out in 2013. Meanwhile, the company is currently setting up DTTB system in Johor Bahru region.

Strong Growth in DOOH Transit Media Industry in Malaysia

According to the independent market research conducted by Frost and Sullivan in 2012, the adex for DOOH media transit industry is estimated to grow at CAGR of 39% from 2011 to RM159.9mn in 2015, largely because the industry is still in its nascent stage and is still growing from a small adex base contribution at the beginning of the period. See Exhibit 1.

Exhibit 1: Industry Forecast for DOOH Transit Media Industry (Malaysia)



Source: Frost & Sullivan, TA Research

This is expected to bode well for Asia Media given its dominant position in the DOOH transit media industry with an estimated 73.5% of market share in 2010 (Source: Frost & Sullivan).

TP: RM0.21(+5.0%)

Last traded: RM0.20

SELL

Share Information

Bloomberg Code	AMGB MK
Stock Code	
Listing	ACE Market
Share Cap (mn)	510.6
Market Cap (RMmn)	100.3
Par Value	0.10
52-wk Hi/Lo (RM)	0.575/0.147
12-mth Avg Daily Vol ('000 shrs)	17751.7
Estimated Free Float (%)	70.0
Beta	1.16

Major Shareholders (%)

Wong Sk Holdings - 30.00

Forecast Revision

	FY12	FY13
Forecast Revision (%)	(6.0)	(21.2)
Net profit (RMm)	17.0	20.8
Previous Rating	Sell (Maintained)	

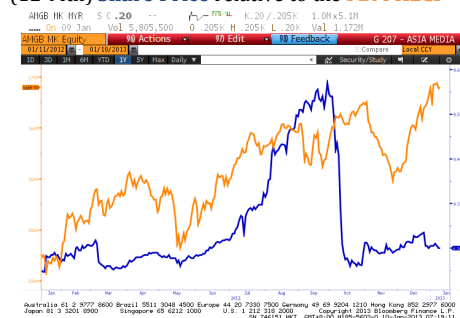
Financial Indicators

	FY12	FY13
Net Debt / Equity (%)	net cash	net cash
ROE (%)	22.3%	20.2%
ROA (%)	15.8%	16.7%
NTA/Share (RM)	0.18	0.22
Price/NTA (x)	1.1	0.9

Share Performance (%)

	AMGB	BM KLCI
Price Change		
1 mth	-7%	3.5%
3 mth	-5%	1.8%
6 mth	-27%	4.0%
12 mth	133%	11.0%

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



Source: Bloomberg

Transfer of Listing to Main Market of Bursa Malaysia

Subsequent to the completion of bonus issue of shares and free warrants issue, Asia Media has received approval from the Securities Commission Malaysia on 8 January 2013 for the transfer of listing to Main Market of Bursa Malaysia. This is likely to put the stock on the radar screens of more investors and improve the tradability and investability of the stock.

Risk

Despite the positive outlook on the industry and the company in the coming years especially with the impending rolling out of the DTTB technology, the group may still be susceptible to economic risk where corporates usually cut down on advertising expenditure. Organically, the group may face the risk of losing its concessionaire agreements, revocation of licenses and further delays in DTTB roll out.

Impact

Taking into consideration the delay in the rollout of DTTB, we reduce our earnings forecast for FY12-14 by 6.0% to 21.2% respectively.

Valuation

Based on 5x FY13 PE valuation, we arrive at a new target price of RM0.21/share, from RM0.18/share previously, after adjusting for the revision in the earnings forecast and the fixing of exercise price of warrants at RM0.25 each, which is anti-dilutive based on current share price. Maintain our SELL call.

Earnings Summary

FYE: 31 Dec (RMm)		2010*^	2011^	2012F	2013F	2014F
Revenue		16.6	36.5	43.6	54.0	69.6
EBITDA		11.3	17.7	22.7	26.7	32.6
EBITDA margin	(%)	68.4	48.3	52.0	49.4	46.8
Pretax profit		10.3	15.0	17.0	21.2	26.9
Net profit		10.3	15.0	17.0	20.8	26.5
Core net profit		10.3	15.0	17.0	20.8	26.5
EPS	(sen)	2.0	3.0	3.4	4.2	5.3
Core EPS	(sen)	2.0	3.0	3.4	4.2	5.3
Core EPS growth	(%)	(20.6)	46.0	13.0	22.7	27.2
PER	(x)	9.8	6.7	5.9	4.8	3.8
Net DPS	(sen)	0.0	0.0	0.0	0.8	1.1
Net div yield	(%)	0.0	0.0	0.0	4.2	5.3
ROE	(%)	44.2	36.2	22.3	20.2	20.9

Based on 15MFY10

^ Adjusted for 1 for 1 bonus issue of shares in 2012

Disclaimer

The information in this report has been obtained from sources believed to be reliable. Its accuracy and/ or completeness is not guaranteed and opinions are subject to change without notice. This report is for information only and not to be construed as a solicitation for contracts. We accept no liability for any direct or indirect loss arising from the use of this document. We, our associates, directors, employees may have an interest in the securities and/or companies mentioned herein.

This report has been prepared by TA SECURITIES HOLDINGS BERHAD for purposes of CMDF-Bursa Research Scheme ("CBRS") administered by Bursa Malaysia Berhad and will be compensated to undertake the scheme. TA SECURITIES HOLDINGS BERHAD has produced this report independent of any influence from the CBRS or the subject company.

For more information about CBRS and other research reports, please visit Bursa Malaysia's website at:
<http://www.bursamalaysia.com/market/listed-companies/research-repository/research-reports>

for TA SECURITIES HOLDINGS BERHAD(14948-M)
 (A Participating Organisation of Bursa Malaysia Securities Berhad)
 Kaladher Govindan – Head of Research