

STAR MEDIA GROUP

Read. Listen. Watch. Think. Be Inspired

Analyst Briefing
Monday, 30 May 2016

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**1H16
Outlook &
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1Q16 Highlights

1.

- Headwinds on top and bottom line in 1Q16

2.

- Cityneon a catalyst for growth

3.

- Seasonal factors in 1Q & continued cautious stance by advertisers

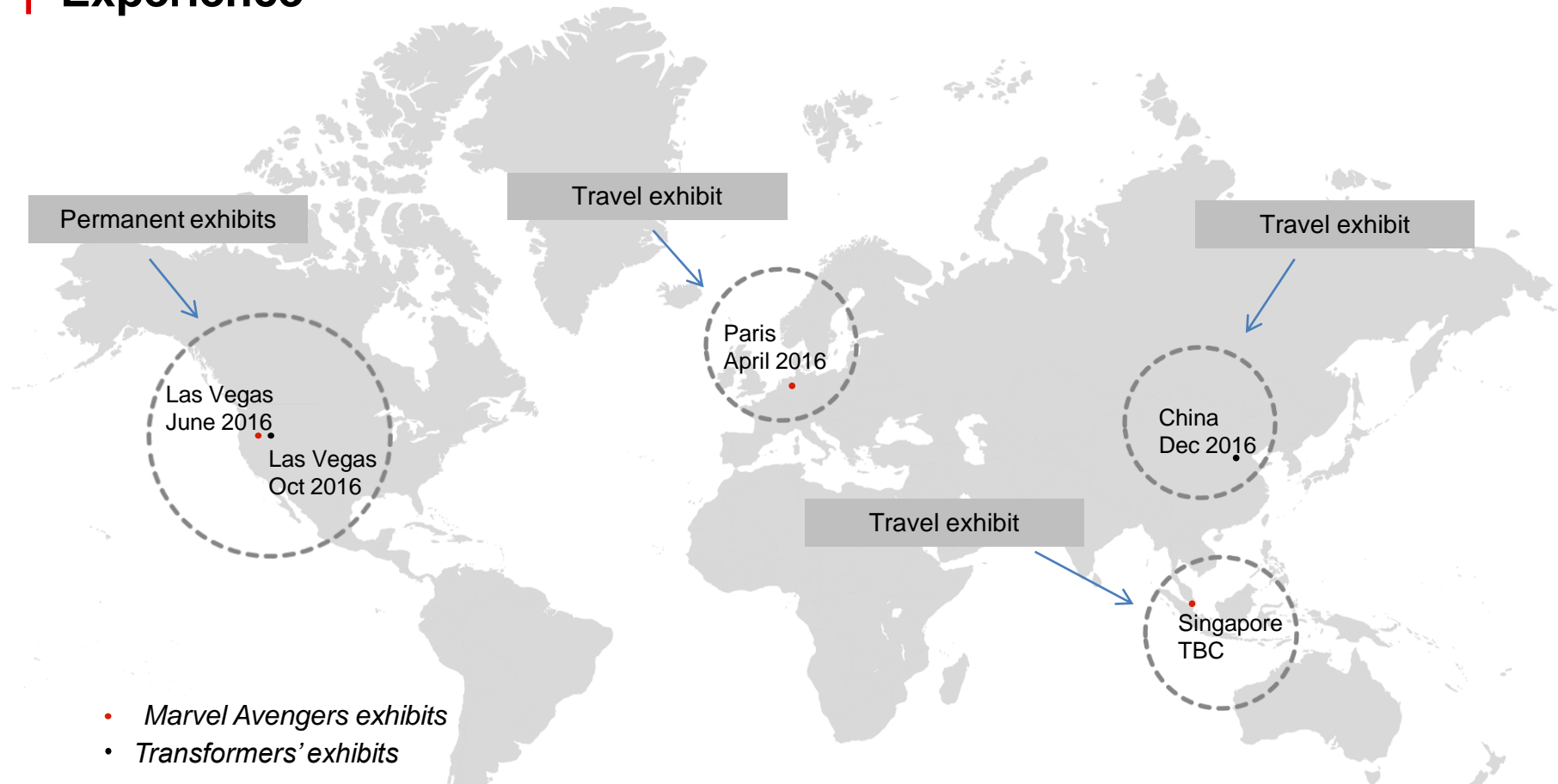
4.

- Investing in new digital business

Bright Spots

Building scale

Marvel Avengers STATION & Transformers Experience



In conversations with various parties on rights to the Las Vegas property and securing additional IP rights for other franchises

Augmenting Group's growth

Marvel Avengers STATION & Transformers Experience



- Bulk of earnings namely from ticket sales and merchandise
- More exhibits slated for rest of 2016 and 2017
- Strong pipeline of movies for both franchises till 2020
- High barriers to entry due to IP rights
- Expect to augment Group's earnings moving forward



Release Calendar



Bright Spots

Extending lead in content

Online TV initiatives



News, Business & Politics



Youth



Chinese General Entertainment



Lifestyle & Entertainment



Restructuring initiatives

Work-in-progress

- Expected finalisation by 4Q 2016



capital fm

Bright Spots

No. 1 for advertisers

Maintains lead position despite dip in industry adex.

Industry adex



MoM: -7.5%

(April vs Mar 2016)

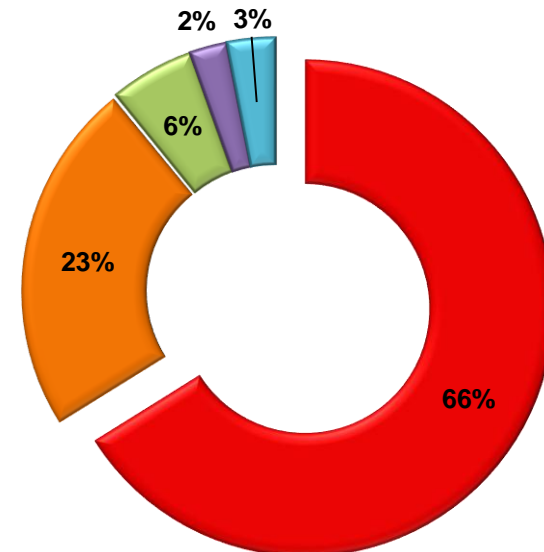
YTD April 2016:

-7.3%

Note: excl. Pay TV and Astro radio stations

(RM mn)	YTD 2016	YTD 2015	Var (RM mn)	Var (%)
The Star	306	339	-34	(9.9%)
NST	106	133	-26	(19.7%)
The Sun	25	28	-3	(11.2%)
Malay Mail	11	13	-2	(13.5%)
The Edge	14	16	-2	(11.9%)
Total	463	529	-66	(12.5%)

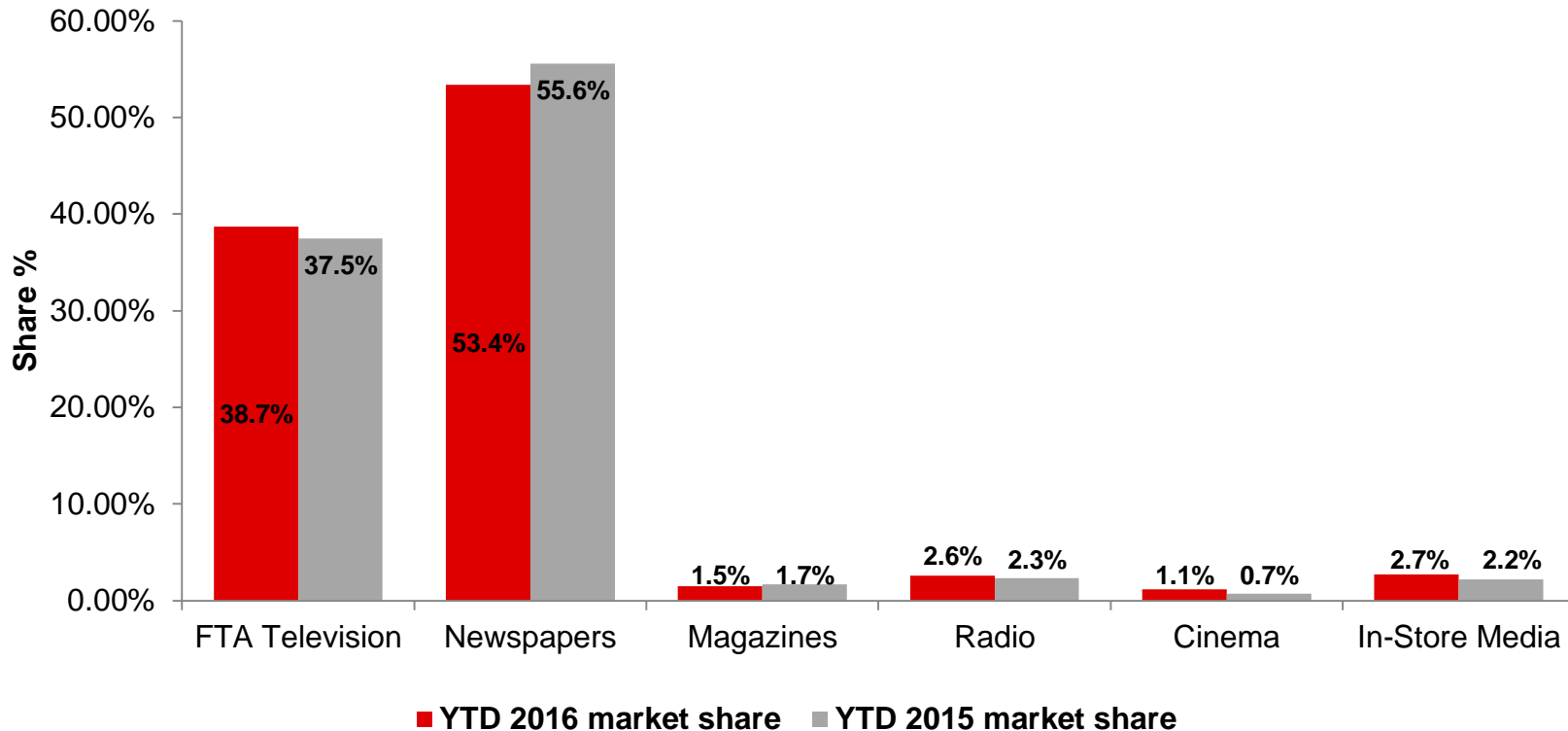
YTD April 2016



■ The Star ■ NST ■ The Sun ■ Malay Mail ■ The Edge

Adex dips

Ad spend by medium share (%) YTD 2016



Source: Nielsen AIS. Numbers have not taken into consideration the discounting factor. Excludes Pay TV and Astro radio stations

YTD adex slipped 7.3% to RM2.26 bn versus RM2.43 bn in the same period last year

Highlights in 1Q 2016

Readership figures for The Star

			2015	2014	Increase
Read yesterday			1,410,000*	1,054,000	33.8%
Read past week			1,691,000	1,432,000	18.1%

**2015's figure has surpassed the previous high of 1,290,000 in 2012*

Source: Nielsen

The Star is still the preferred choice

Why is The Star still the preferred choice?

Highlights in 1Q 2016



WAN-Ifra Media Awards

- Won Silver in Best in Editorial Content Newspaper feature article: R.AGE – The Curse of Serawan
- Won bronze in Breaking News Article: Visa Discord



Award winning stories

Highlights in 1Q 2016



8 March 2016

e-paper collaboration in East Malaysia



16 March 2016

Star Property Award

Special e-paper packages to Sarawak and Sabah

Highlights in 1Q 2016



Nestle CEO *Alois Hofbauer*

CIMB Group Chairman *Datuk Seri Nazir Tun Razak*

Sunway Chairman *Tan Sri Jeffrey Cheah*



**Interesting and exclusive
reporting attracts readers**

which

Attracts Advertisers

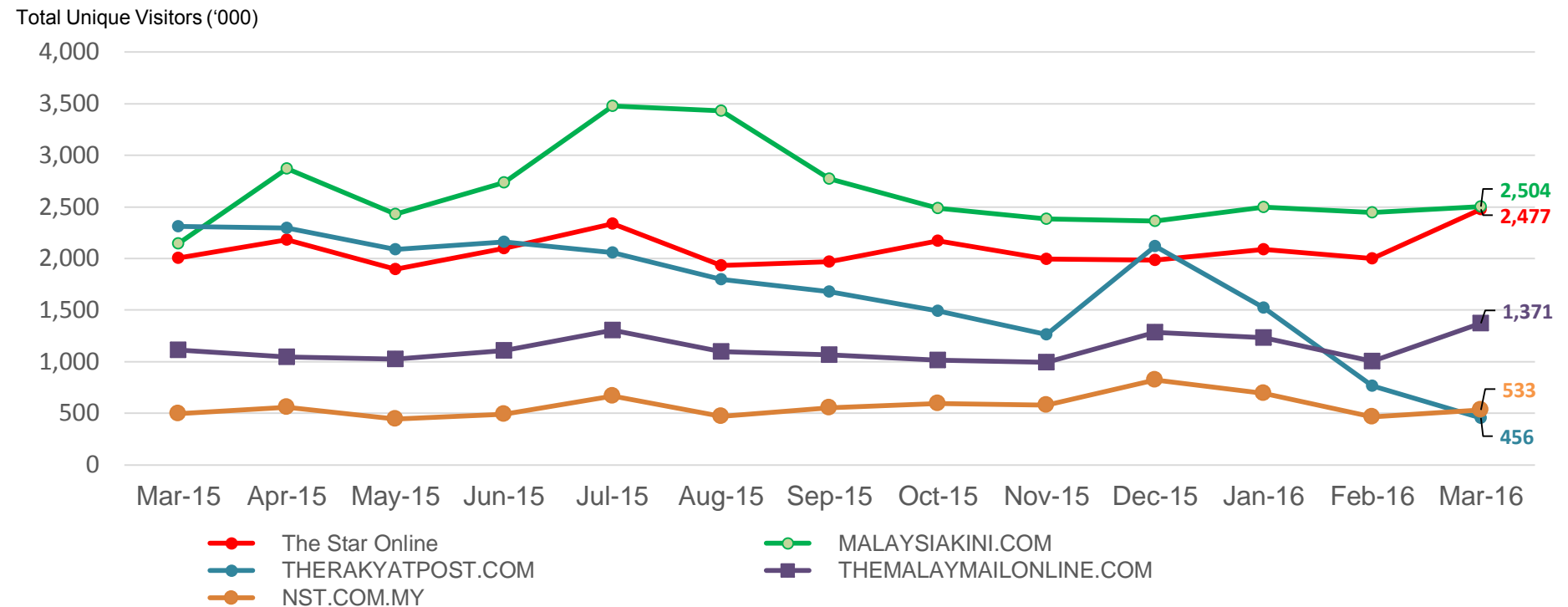
Highlights in 1Q 2016



Satisfied clients returns to Star with a new campaign

Star Online Performance Mar '15 - Mar '16

English News Portals Performance Mar'15-Mar'16 (Combined PC & Mobile)



The Star Online UV ('000)

Mar'15	Apr'15	May'15	Jun'15	Jul'15	Aug'15	Sept'15	Oct'15	Nov'15	Dec'15	Jan'16	Feb'16	Mar'16
2,004	2,180	1,895	2,099	2,336	1,930	1,967	2,174	1,997	1,982	2,090	1,999	2,477

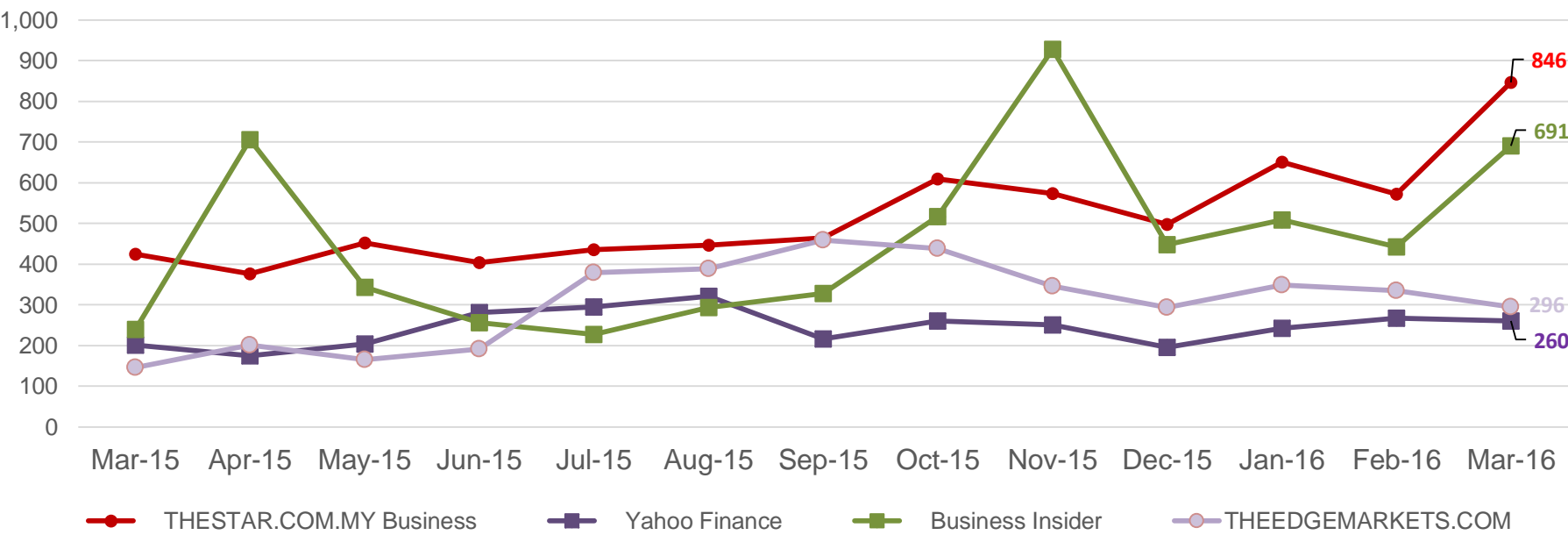
- **THERAKYATPOST.COM** continue its UV decline that started since early Jan 2016(2.117 mil) to 456k in Mar 2016.

Source: comScore Media Metrix / Mobile Metrix

Star Biz Performance, Mar '15 - Mar '16

The Star Online Business vs Competitors Dec'15-Dec'16 (Combined PC & Mobile)

Total Unique Visitors (000)



thestar.com.my business UV ('000)

Mar'15	Apr'15	May'15	Jun'15	Jul'15	Aug'15	Sep'15	Oct'15	Nov'15	Dec'15	Jan'16	Feb'16	Mar'16
424	376	453	405	436	446	465	610	573	497	651	572	846

- THESTAR.COM.MY Business recorded the highest UV in past 12 months with 846k in Mar 2016.

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Performance of Star Media Group Berhad

(RM million)	1Q16	1Q15	Variance (%)	4Q15
Revenue	198.73	217.43	(8.6%)	280.77
EBITDA	28.99	41.03	(29.3%)	59.38
PBT	22.38	37.60	(40.5%)	60.34
<i>EBITDA Margin</i>	14.6%	18.9%	-	21.1%
<i>PBT Margin</i>	11.3%	17.3%	-	21.5%

Lower revenue from the Group's business segments particularly Print segment, contributed to lower profit

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1Q16 Business Segments

1.

- **Print and Digital**

2.

- Event, Exhibition, Interior and Thematic

3.

- TV Channel

4.

- Radio

Performance of Star Media Group Berhad

Print and Digital Segment

(RM million)	1Q16	1Q15	Variance (%)	4Q15
Revenue	141.91	162.60	(12.7%)	161.88
EBITDA	31.66	45.51	(30.4%)	47.97
PBT	27.16	44.44	(38.9%)	51.70
<i>EBITDA Margin</i>	22.3%	28.0%	-	29.6%
<i>PBT Margin</i>	19.1%	27.3%	-	31.9%

Economic uncertainties and poor consumer sentiments affected overall advertising revenue

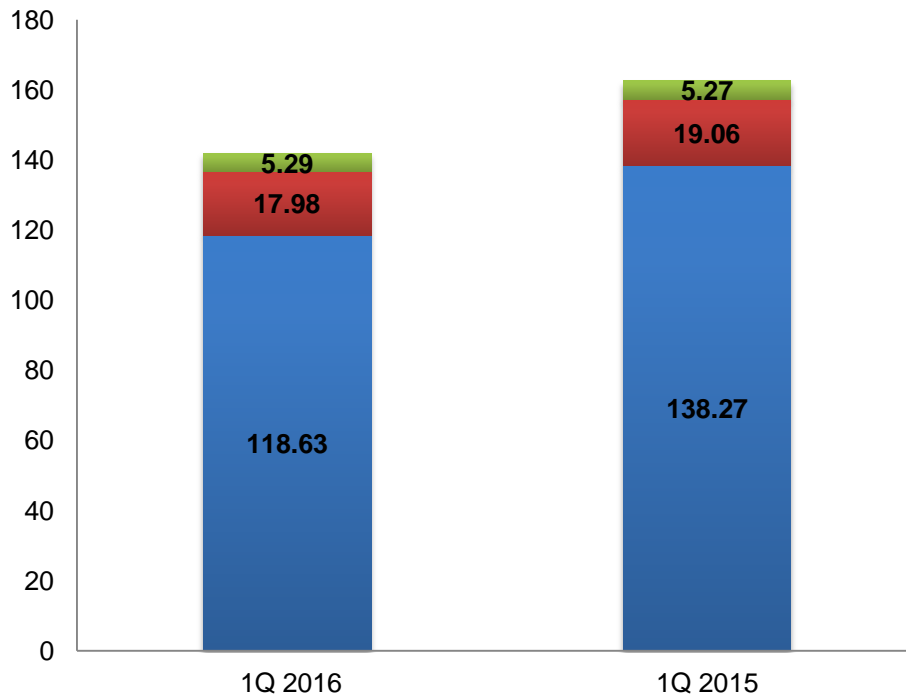
Breakdown of Revenue

Q-on-Q comparison

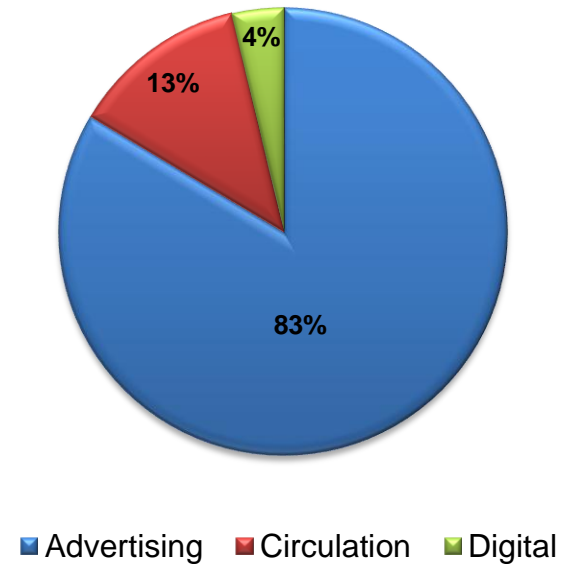
**1Q 2016 Revenue RM141.91m
vs RM162.60m in 1Q2015**

RM 'mil

Qtr on Qtr Comparison



1Q 2016



Decline in Newspaper Adex lead to lower Ad revenue for Print

1Q16 Business Segments

1.

- Print and Digital

2.

- **Event, Exhibition, Interior and Thematic**

3.

- TV Channel

4.

- Radio

Performance of I.Star Ideas Factory

(RM million)	1Q16	1Q15	Variance (%)	4Q15
Revenue	1.19	3.47	(65.7%)	10.55
(LBITDA)/EBITDA	(1.09)	(0.55)	(98.2%)	4.15
(LBT)/PBT	(1.07)	(0.57)	(87.7%)	4.15
(LBITDA)/EBITDA Margin	(91.6%)	(15.9)%	-	39.3%
(LBT)/PBT Margin	(89.9%)	(16.4)%	-	39.3%

Due to poor consumer sentiment, there were only 2 shows in 1Q16 versus 3 shows in 1Q15

Performance of Cityneon Holdings Limited

(SGD million)	1Q16	1Q15	Variance (%)	4Q15
Revenue	13.5	12.95	4.2%	31.95
EBITDA/ (LBITDA)	0.29	(1.49)	119.5%	3.15
PBT/(LBT)	(0.31)	(1.64)	81.1%	2.56
<i>EBITDA/ (LBITDA) Margin</i>	2.15%	(11.5)%	-	9.9%
<i>PBT/(LBT) Margin</i>	(2.3%)	(12.7)%	-	8.0%

**Higher revenue from projects completed by Cityneon
and contribution from Victory Hill Exhibitions Group**

1Q16 Business Segments

1.

- Print and Digital

2.

- Event, Exhibition, Interior and Thematic

3.

- **TV Channel**

4.

- Radio

Performance of Li TV Holdings Limited

(USD million)	1Q16	1Q15	Variance (%)	4Q15
Revenue	0.48	0.78	(38.5%)	0.87
(LBITDA)	(0.47)	(0.45)	(4.4%)	(0.53)
(LBT)	(0.48)	(0.44)	(9.1%)	(0.56)
<i>(LBITDA) Margin</i>	<i>(97.9%)</i>	<i>(57.7)%</i>	-	<i>(60.9)%</i>
<i>(LBT) Margin</i>	<i>(100%)</i>	<i>(56.4)%</i>	-	<i>(64.4)%</i>

Lower distribution revenue

1Q16 Business Segments

1.

- Print and Digital

2.

- Event, Exhibition, Interior and Thematic

3.

- TV Channel

4.

- **Radio**

Performance of Radio Operations

Star Media Radio Group

(RM million)	1Q16	1Q15	Variance (%)	4Q15
Revenue	10.95	11.80	(7.2%)	11.65
(LBITDA)/EBITDA	(0.11)	1.10	(110.0%)	(0.88)
(LBT)/PBT (excluding impairment)	(0.36)	0.77	(146.8%)	(0.83)
(LBITDA)/EBITDA Margin	(1.0%)	9.3%	-	(7.6)%
(LBT)/PBT Margin	(3.3%)	6.5%	-	(7.1)%

(after inter company transaction eliminations)



Sluggish economy and poor sentiments affected airtime revenue

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Media Outlook

1.

- Possible uptick in ad spend prior to Hari Raya/Euro

2.

- Slow adaptation to GST and rising costs of living

3.

- Expect continued measured ad buys and perhaps gain some traction towards year end

Cityneon

- Why did SMG via Laviani dispose off shares to China Media Capital (CMC) Holdings and other investors?
 - Institutionalise its investor base and increase trading liquidity.
 - CMC Holdings is a VC company which invest in growth capital stocks and media and entertainment sectors. CMC may be a strategic partner in China.
- What is SMG's/Laviani's shareholding after the Placement exercise?
 - 52.57%
- Will SMG/Laviani sell down more shares?
 - Unlikely, as SMG sees prospects in VHE and would like to consolidate Cityneon results into SMG.

Radio

- When will the restructuring plans be completed?
 - Star is still exploring various restructuring options such as JV or outright disposal.
 - Auto play mode without Radio DJs will lower operational cost.
 - Targeted by 4Q 2016.

Life Inspired TV

- What are the plans for Life Inspired TV?
 - The focus will be on expanding into East Asia such as Hong Kong, Taiwan and South Korea to increase more landings.

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THANK
YOU