

# STAR MEDIA GROUP

Read. Listen. Watch. Think. Be Inspired

**Analyst Briefing**  
**Thursday, 25 August 2016**

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# 2Q16 Key Takeaways

1.

- Strength for 2Q was attributed to Cityneon's Intellectual Property Rights business; fulfillment of first year's profit guarantee

2.

- Forex gain on deregistration of Excel Corporation

3.

- Print ad trends recovered in June; soft in April & May

4.

- Strong net cash balance despite redemption of MTN and PPE expenditure

5.

- Interim dividend of 9 sen

# 2Q highlights: Spark Awards 2016



MARKETING  
**THE SPARK AWARDS**  
FOR MEDIA EXCELLENCE  
2016



**GOLD**  
BEST LAUNCH/RE-LAUNCH  
BY A MEDIA OWNER CATEGORY  
**R.AGE TV**



**SILVER**  
BEST EVENT BY A MEDIA OWNER  
**ANUGERAH PILIHAN  
ONLINE (APO) 2016**



**BRONZE**  
BEST MEDIA SOLUTION - PRINT  
**GOODDAY MILK**  
CLIENT: ETIKA SDN. BHD.



**Star**  
the people's paper

Thank you for supporting us and being our driving force in delivering innovative and inspirational campaigns. Join us as we continue to provide the best integrated media solutions across every platforms.



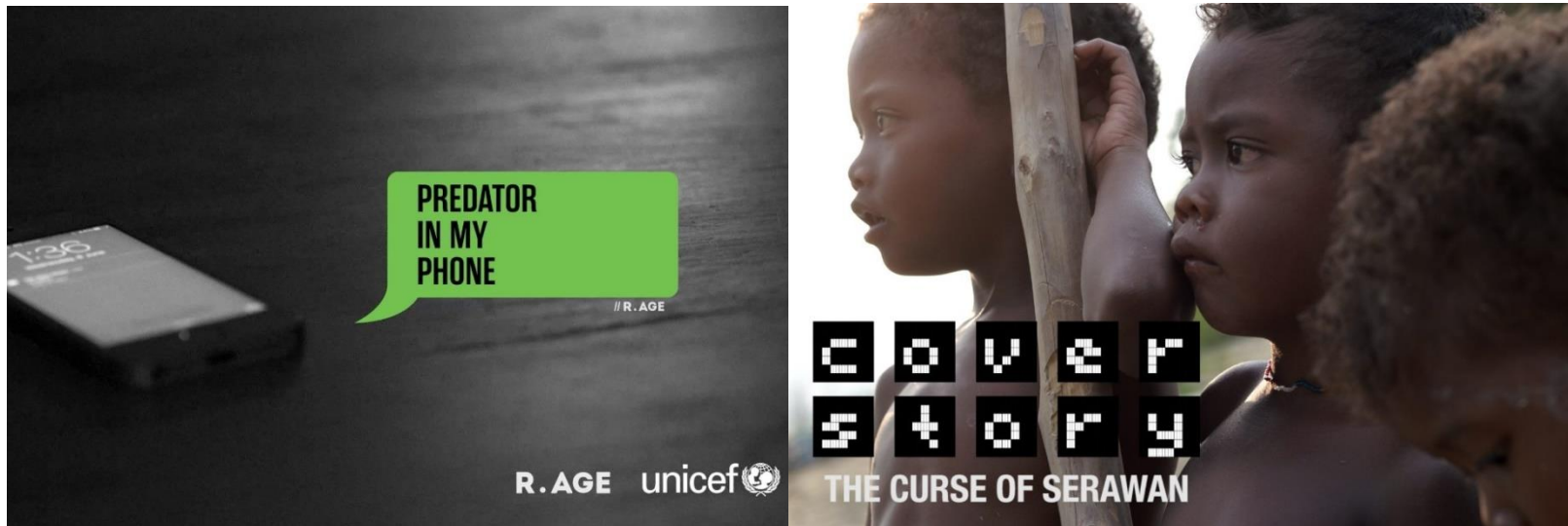
**Star**  
MEDIA GROUP

# 2Q highlights: Anugerah Pilihan Online 2016



- Won Silver for Best Event by Media Company at recent Spark Award jointly organized by SMG + mStar + Suria FM
- 775,161 votes
- 360° marketing platform for the sponsors which included print, radio, on-ground, live updates online and TV coverage

# 2Q highlights: Spark Awards 2016; R.AGE TV



- Gold in the Best Launch/Re-Launch by a Media Owner category with R.AGE TV, a video site for its youth news and lifestyle platform



# 2Q highlights: Creative adverts



- Nominations for Wonda Kopi Tarik & Calpis Etika print campaigns



# 2Q highlights: Recovery in June

## Run-up to Hari Raya

Stable market share

Industry adex



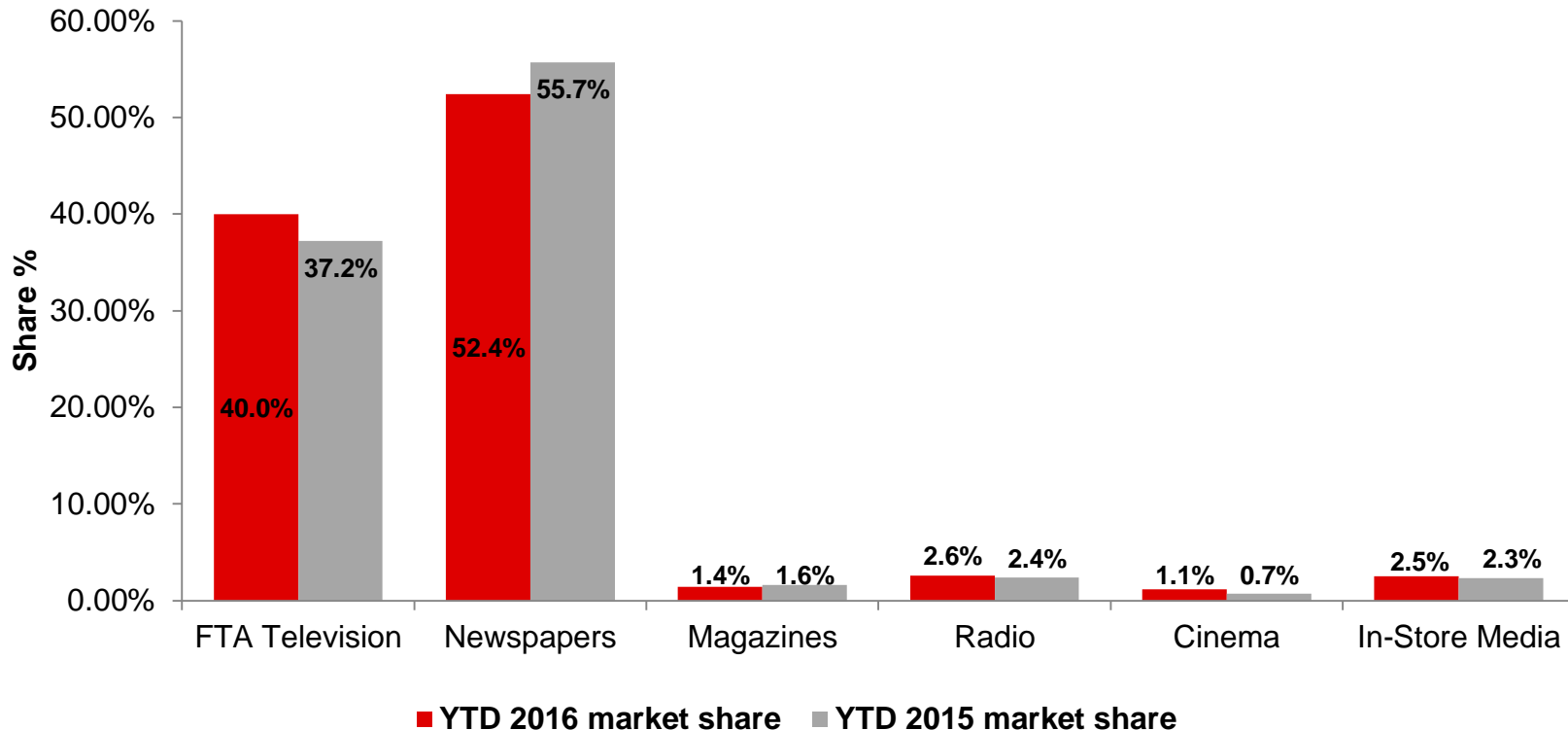
### Total Adex All Media, All Malaysia (excluding Pay TV and Astro radio stations)

(RM mil)	Apr-16	May-16	Jun-16
FTA Television	216.1	247.9	298.7
Newspapers	312.9	315.0	338.3
Magazines	9.2	9.0	8.0
Radio (excluding Astro)	16.2	16.6	17.0
Cinema	5.3	6.0	8.1
In-Store Media	15.1	14.2	13.7
<b>Total</b>	<b>574.9</b>	<b>608.8</b>	<b>683.8</b>

Source: Nielsen AIS

# 2Q highlights: Print adex still dominant

**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 6.3% to RM3.55 bn versus RM3.79 bn in the same period last year**

# Malaysia's No.1 English paid daily

## THE STAR. MALAYSIA'S NO.1 **PAID** ENGLISH DAILY.

Have you heard?  
According to Nielsen,  
your readership is  
1,691,000\*.

Yup,  
every copy sold is a copy read.  
If I were a free daily,  
it would be a different story.

Umm...



5.17  
Readers  
per Copy

Total  
Circulation:  
354,058

**TOTAL READERSHIP FOR NEWSPAPER**  
based on the Nielsen Consumer & Media View, Jan - Dec 2015

1,691,000 (READ PAST WEEK)

1,410,000 (READ YESTERDAY)

**THE STAR'S CIRCULATION FIGURES**  
from the Audit Bureau of Circulations Malaysia, July - Dec 2015

PRINT:  
248,413  
ePAPER:  
105,645



**When every copy sold is a copy read, you reach a wider audience.**

When you choose to advertise with us, you are choosing maximum exposure for your brand. Research shows that we are Malaysia's leading Paid English Daily with the highest readership nationwide. Give your brand the attention it deserves with the newspaper that people choose to spend time with.

**DON'T LEAVE YOUR ADVERTISING TO CHANCE.**

**THE Star**  
the people's paper

To advertise with The Star, please email [advertising@thestar.com.my](mailto:advertising@thestar.com.my) or call +603-7966 8388, ext 1501/1531 (Mon - Fri, 9am - 5pm).

\* Source: Nielsen Consumer & Media View, Jan - Dec 2015 (read past week).

STAR MEDIA GROUP BERHAD (108191-0)

**Star**  
the people's paper

## GAIN MAXIMUM EXPOSURE FOR YOUR BRAND

Malaysia's No.1  
English paid daily

**248,413**  
copies daily



**Highest circulated  
ePaper.**  
22 times more than  
the next paid English  
daily's ePaper.

4,715

Competitor's ePaper The Star ePaper

A high 1.691 million readers.



**MORE READERS THAN ITS COMPETITOR**

**85% of Malaysia's  
English daily  
readers read  
The Star.**



**84% of  
advertising  
expenditure\*  
in English  
paid dailies  
are spent  
with The Star.**

\*Display Ads

The Star Paper

**84%**  
ad spend

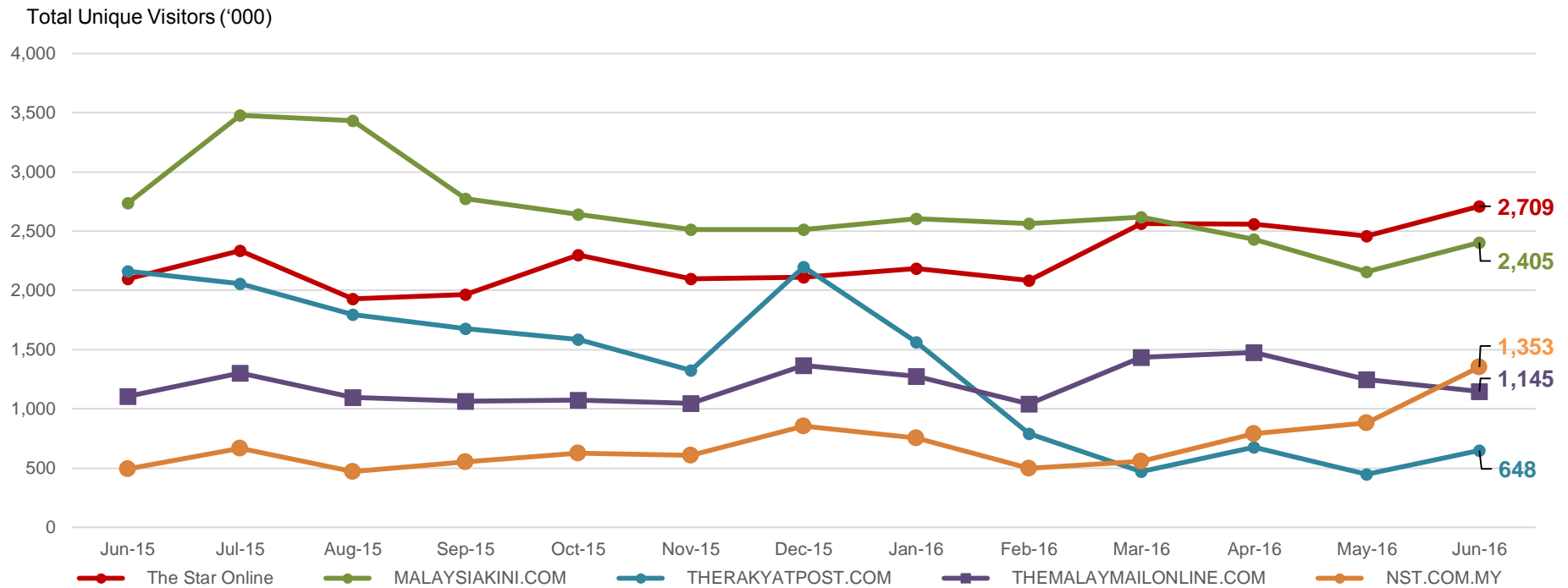
16% ad spend

Competitor's Paper

Source: Nielsen Consumer and Media View, Jan - Dec 2015 (read past week); Nielsen Advertising Information Services 2016 & Audit Bureau of Circulations, July - Dec 2015.

# The Star Online Performance Jun' 15 – Jun' 16

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



### The Star Online UV ('000)

2,099	2,336	1,930	1,967	2,301	2,097	2,110	2,185	2,082	2,563	2,560	2,457	2,709
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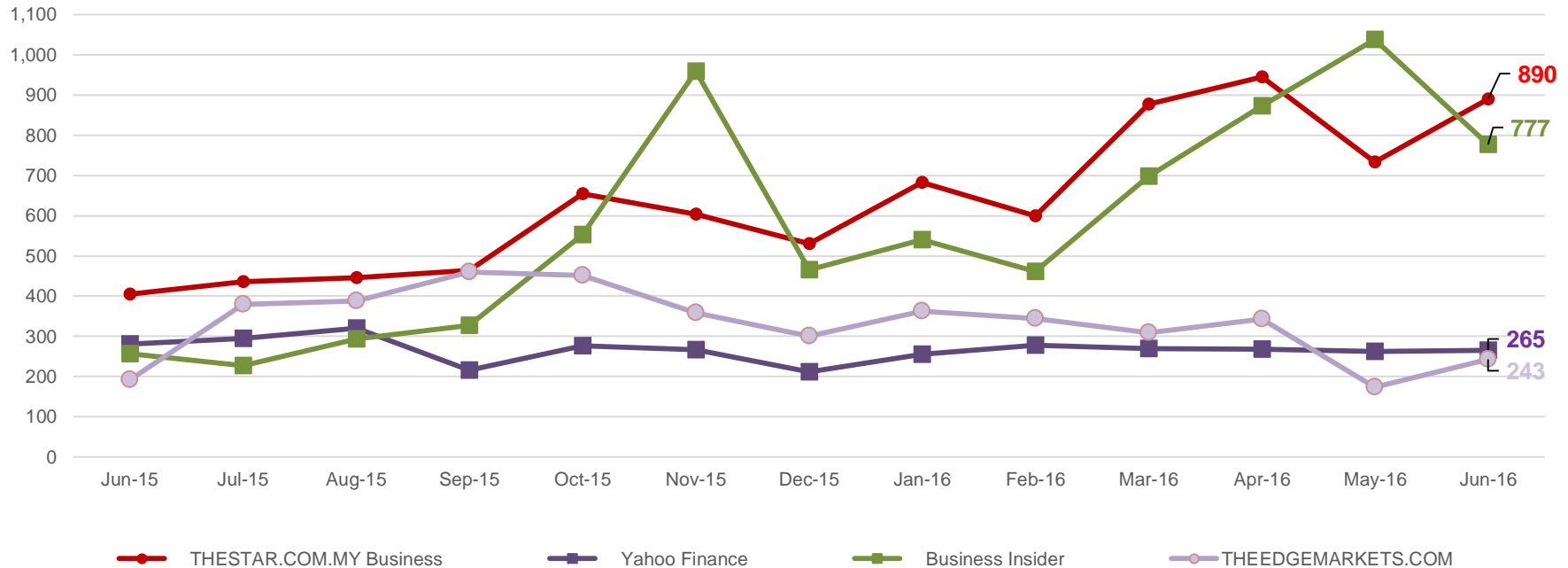
- **The Star Online** remained 1<sup>st</sup> among all English portals viewed in Jun 2016

Source: comScore Media Metrix / Mobile Metrix

# Star Biz Performance, Jun'15 – Jun' 16

## The Star Online Business versus Competitors; Jun'15- Jun'16 (Combined PC & Mobile)

Total Unique Visitors (000)



### thestar.com.my business UV ('000)

405	436	446	465	654	604	530	683	599	877	945	734	890
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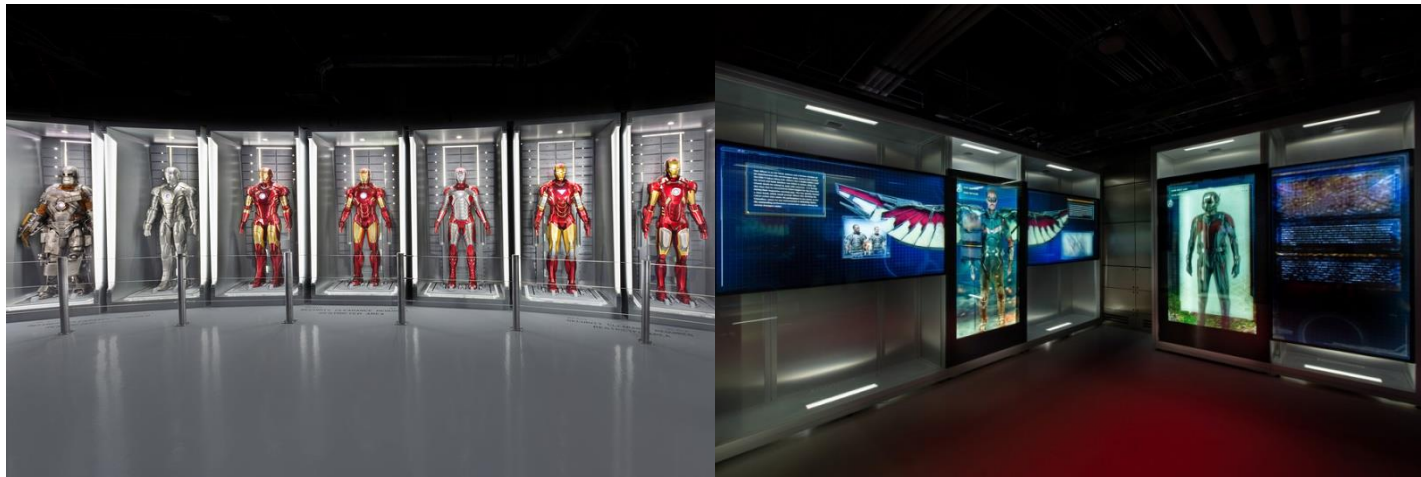
- **StarBiz's** UV increased by 21% in Jun 2016 vs May 2016
- **StarBiz** is ranked 1<sup>st</sup> vs other business portals in June 2016

Source: comScore Media Metrix / Mobile Metrix

# Victory Hill Exhibitions



1. YTD key highlights
2. New developments
3. Business model of permanent sets and travelling sets ie licensing fees, assumption on foot traffic, other sources of income and costs
4. Comment on VHE's recent financial performance
5. Strategies, going forward



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# Performance of Star Media Group Berhad

(RM million)	2Q16	2Q15	Var.	1Q16	Var. (2Q16vs 1Q16)	1H16	1H15	Var
<b>Revenue</b>	266.54	266.31	0.1%	198.73	34%	465.27	483.74	(3.8%)
<b>EBITDA</b>	41.99	48.09	(12.7%)	28.99	45%	70.98	89.12	(20.4%)
<b>PBT</b>	58.45	42.93	36.2%	22.38	>100%	80.83	80.53	0.4%
<b><i>EBITDA Margin</i></b>	15.8%	18.1%	-	14.6%	-	15.3%	18.4%	-
<b><i>PBT Margin</i></b>	21.9%	16.1%	-	11.3%	-	17.4%	16.6%	-

**Marginal increase in revenue and PBT for the Group was attributable to Cityneon's contributions and a gain on deregistration of a subsidiary (forex gain)**

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# 2Q16 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)	2Q16	2Q15	Var.	1Q16	Var. (2Q16 vs 1Q16)	1H16	1H15	Var.
<b>Revenue</b>	143.25	164.98	(13.2%)	141.91	0.9%	285.16	327.58	(12.9%)
<b>EBITDA</b>	25.07	45.41	(44.8%)	31.66	(20.8%)	56.73	90.92	(37.6%)
<b>PBT</b>	23.02	39.79	(42.1%)	27.16	(15.2%)	50.18	84.23	(40.4%)
<b><i>EBITDA Margin</i></b>	17.5%	27.5%	-	22.3%	-	19.9%	27.8%	-
<b><i>PBT Margin</i></b>	16.1%	24.1%	-	19.1%	-	17.6%	25.7%	-

**A decline in newspaper adex by 11.9% was due to economic uncertainties and poor consumer sentiment which led to an overall ad revenue decline**

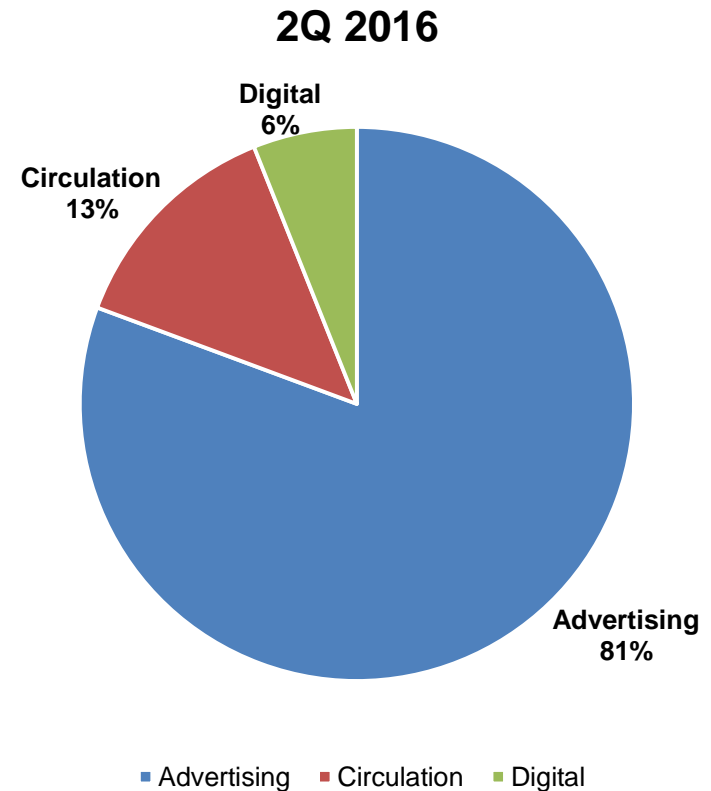
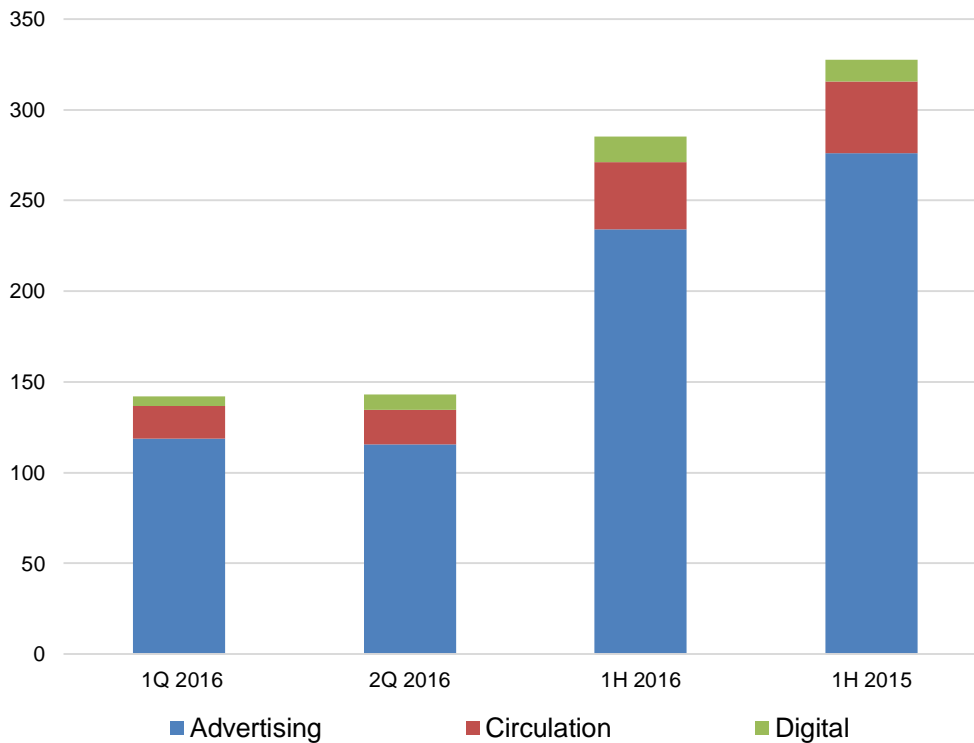
# Breakdown of Revenue

## Q-on-Q comparison

**2Q 2016 Revenue RM143.3m vs  
RM164.98m in 2Q 2015**

RM 'mil

### Q-on-Q and H-on-H comparison



**Decline in newspaper adex lead to lower ad revenue for print**

# 2Q16 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)	2Q16	2Q15	Var.	1Q16	Var. (2Q16vs 1Q16)	1H16	1H15	Var.
<b>Revenue</b>	6.61	7.93	(16.6%)	1.19	>100%	7.8	11.40	(31.6%)
<b>EBITDA</b>	1.36	2.36	(42.4%)	(1.09)	>100%	0.27	1.81	(85.1%)
<b>PBT</b>	1.35	2.33	(42.1%)	(1.07)	>100%	0.28	1.76	(84.1%)
<b><i>EBITDA Margin</i></b>	20.6%	29.8%	-	(91.6%)	-	3.5%	15.9%	
<b><i>PBT Margin</i></b>	20.4%	29.4%	-	(89.9%)	-	3.6%	15.4%	

**Due to poor consumer sentiment, only 4 shows held in 2Q16  
versus 5 shows in 2Q15**



# Performance of Cityneon Holdings Limited

(SGD million)	2Q16	2Q15	Var.	1Q16	Var. (2Q16 vs 1Q16)	1H16	1H15	Var.
<b>Revenue</b>	32.82	27.74	18.3%	13.5	>100%	46.32	40.69	13.8%
<b>EBITDA/ (LBITDA)</b>	6.93	1.15	>100%	0.29	>100%	7.22	(0.34)	>100%
<b>PBT/(LBT)</b>	6.03	0.91	>100%	(0.31)	>100%	5.72	(0.73)	>100%
<b>EBITDA/ (LBITDA) Margin</b>	21.1%	4.1%	-	2.15%	-	15.6%	(0.8%)	-
<b>PBT/(LBT) Margin</b>	18.4%	3.3%	-	(2.3%)	-	12.3%	(1.8%)	-

**Significant contributions by VHE led to better results for Cityneon**

# 2Q16 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)	2Q16	2Q15	Var.	1Q16	Var. (2Q16 vs 1Q16)	1H16	1H15	Var.
<b>Revenue</b>	0.61	0.60	1.7%	0.48	27%	1.09	1.38	(21.0%)
<b>(LBITDA)</b>	(0.58)	(0.50)	(16.0%)	(0.47)	(23%)	(1.05)	(0.95)	(12.9%)
<b>(LBT)</b>	(0.6)	(0.52)	(15.4%)	(0.48)	(25%)	(1.08)	(0.96)	(12.5%)
<b>(LBITDA) Margin</b>	(95.1%)	(83.3%)	-	(97.9%)	-	(96.3%)	(67.4%)	-
<b>(LBT) Margin</b>	(98.4%)	(86.7%)	-	(100%)	-	(99.1%)	(69.6%)	-

**Higher marketing expenses offset slight increase in revenue**

# 2Q16 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)	2Q16	2Q15	Var.	1Q16	Var. (2Q16 vs 1Q16)	1H16	1H15	Var.
<b>Revenue</b>	9.94	12.29	(19.1%)	10.95	(9.2)%	20.89	24.09	(13.3%)
<b>(LBITDA)/EBITDA</b>	(1.58)	(0.33)	>(100)%	(0.11)	>(100)%	(1.69)	0.77	>(100)%
<b>(LBT)/PBT</b> (excluding impairment)	(1.89)	(0.54)	>(100)%	(0.36)	>(100)%	(2.25)	0.23	>(100)%
<b>(LBITDA)/EBITDA Margin</b>	(15.9%)	(2.7%)	-	(1.0%)	-	(8.1%)	3.3%	-
<b>(LBT)/PBT Margin</b>	(19.0%)	(4.4%)	-	(3.3%)	-	(10.8%)	0.9%	-

*(after inter company transaction eliminations)*



**Sluggish economy and poor sentiment affected airtime revenue**

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# Outlook

1.

- 2H outlook remains challenging as market sentiment remains cautious due to economic uncertainties and weak commodity prices

2.

- Group will continue to enhance its respective media platforms and expand aggressively into digital businesses in video content (TheStarTV) and A.I.M

3.

- Cityneon continues to look for new opportunities while new shows continue to contribute to V.H.E



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