

STAR MEDIA GROUP

Read. Listen. Watch. Think. Be Inspired

Analyst Briefing
Tuesday, 24 November 2015

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**Media
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3Q15 Updates

- 28 Aug - Advertising :- Star won two (2) Spark awards held in Singapore.

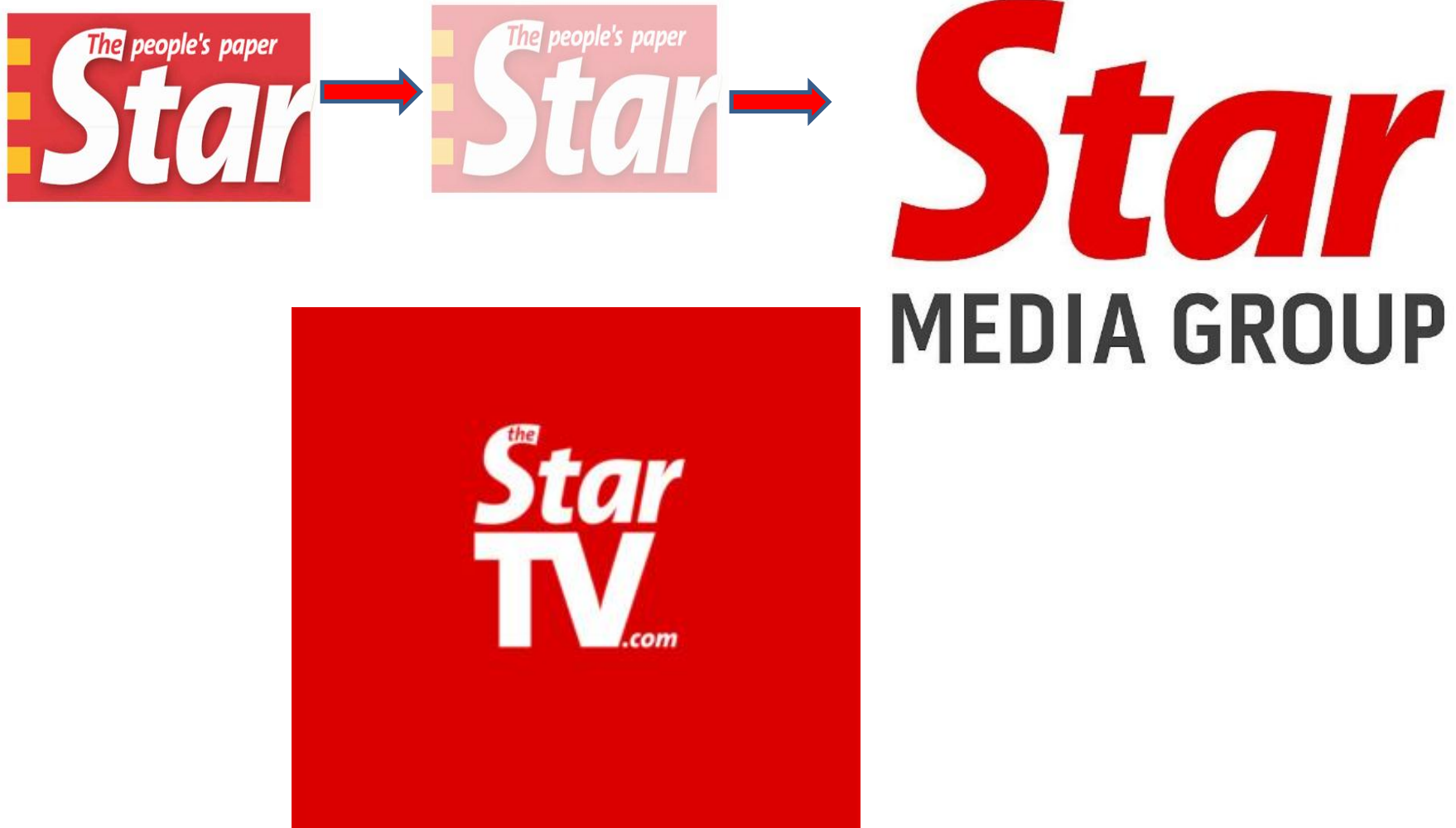
Spark award recognises top media solutions and products across South Asia, Australia and New Zealand.

- *Star won Best Media Solutions in Print category for the Mountain Dew Neon Campaign*
- *Star Online won bronze for Best Website*



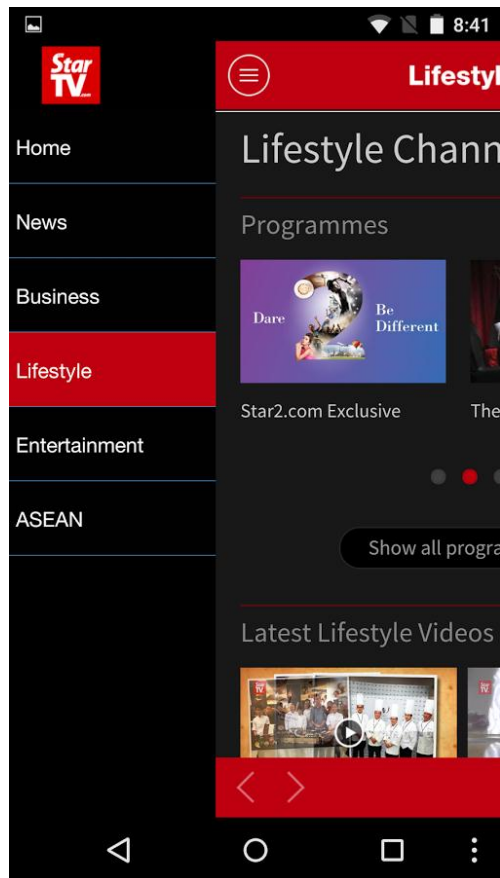
3Q15 Updates

- 10 Sept – Star Media Group new corporate logo
- 10 Sept –launched TheStarTV.com



3Q15 Updates

- 15 Sept, an alliance with The National Broadcasting Corporation (NBC), a subsidiary of National Multimedia Group of Thailand, to procure news and lifestyle video clips. Drive up content for TheStarTV.com
- NBC CEO, Adisak Limprungpatanakit signed the agreement with the Group



3Q15 Updates

- 22 Sept - Training :- Leaderonomics won the Gold Award in CSR, named SME Employer of the year for the second consecutive year, won silver awards for excellence in work place well-being and silver for employee engagement at HR excellence award 2015
- 30 Sept - Cityneon:- Completed Rights Issue and acquisition of VHE on 30 Sept



3Q15 Updates

- 29-30 Aug : Bersih 4.0
- 16 Sept : Red shirt rally



Rallies had a dampening effect during the September period

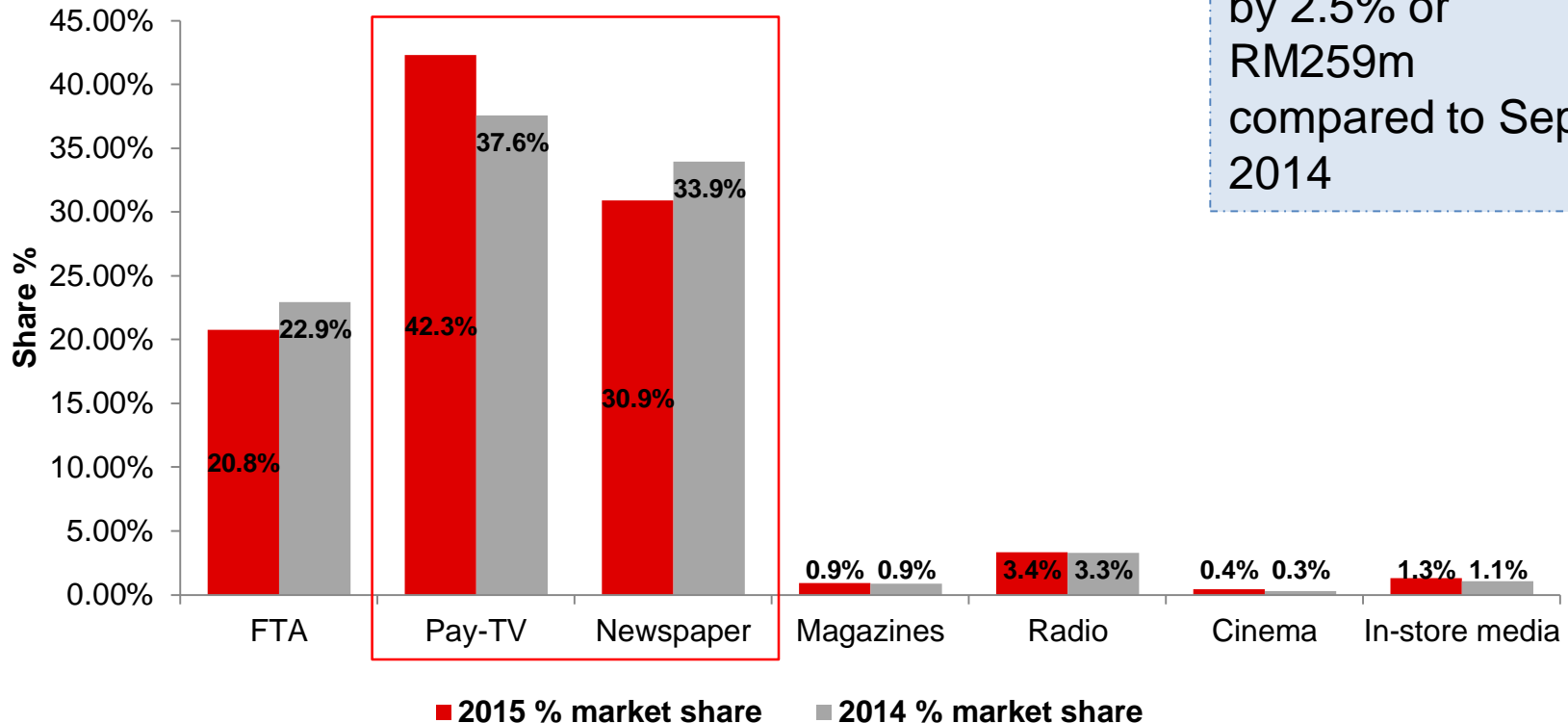
The Ringgit past year's performance



Weakening of the Ringgit against the USD since 2015

Adex declines on economic uncertainties

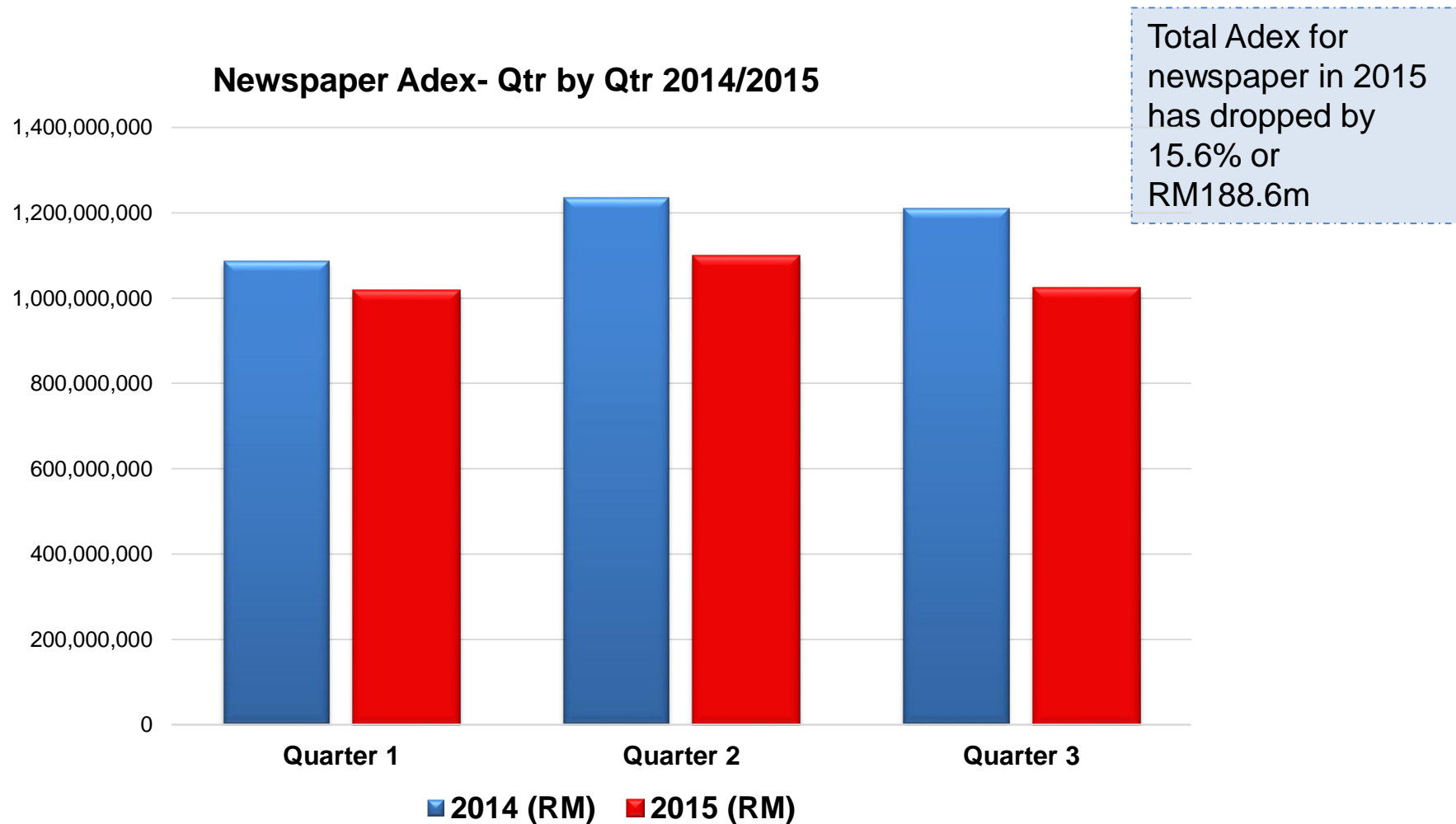
Ad spend by medium share (%) YTD Sept 2015



Traditional Print media remains the cornerstone for advertiser after Pay-TV. Decline is due to economic uncertainties on local and foreign fronts, continues to suppress ad spenders.

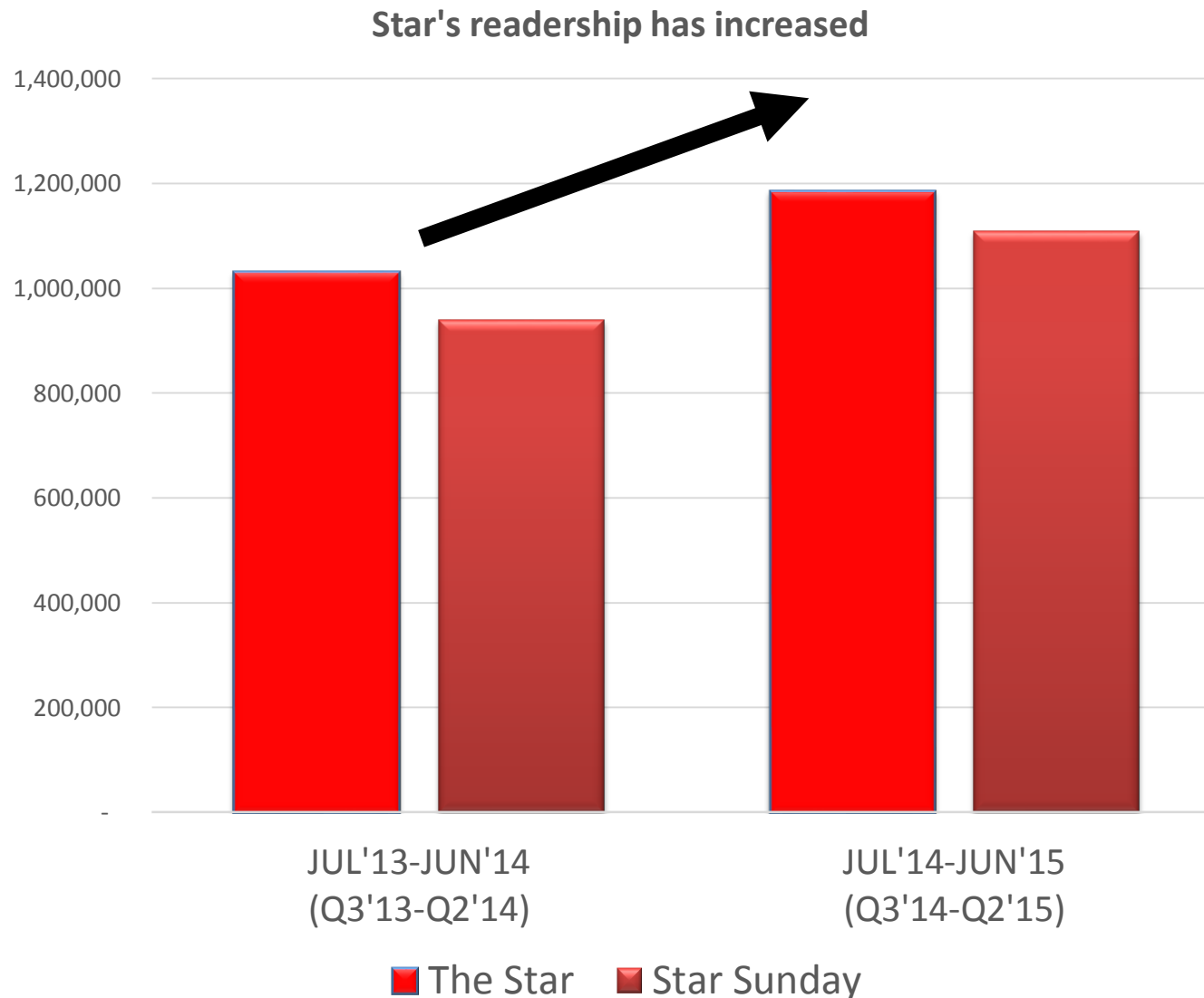
Low fuel prices, negative headlines on Malaysia political situation and weakening ringgit has added to caution by ad spenders.

Newspaper Adex - Qtr by Qtr



Source: Nielsen AIS. Numbers have not taken into consideration the discounting factor

Star's readership has increased



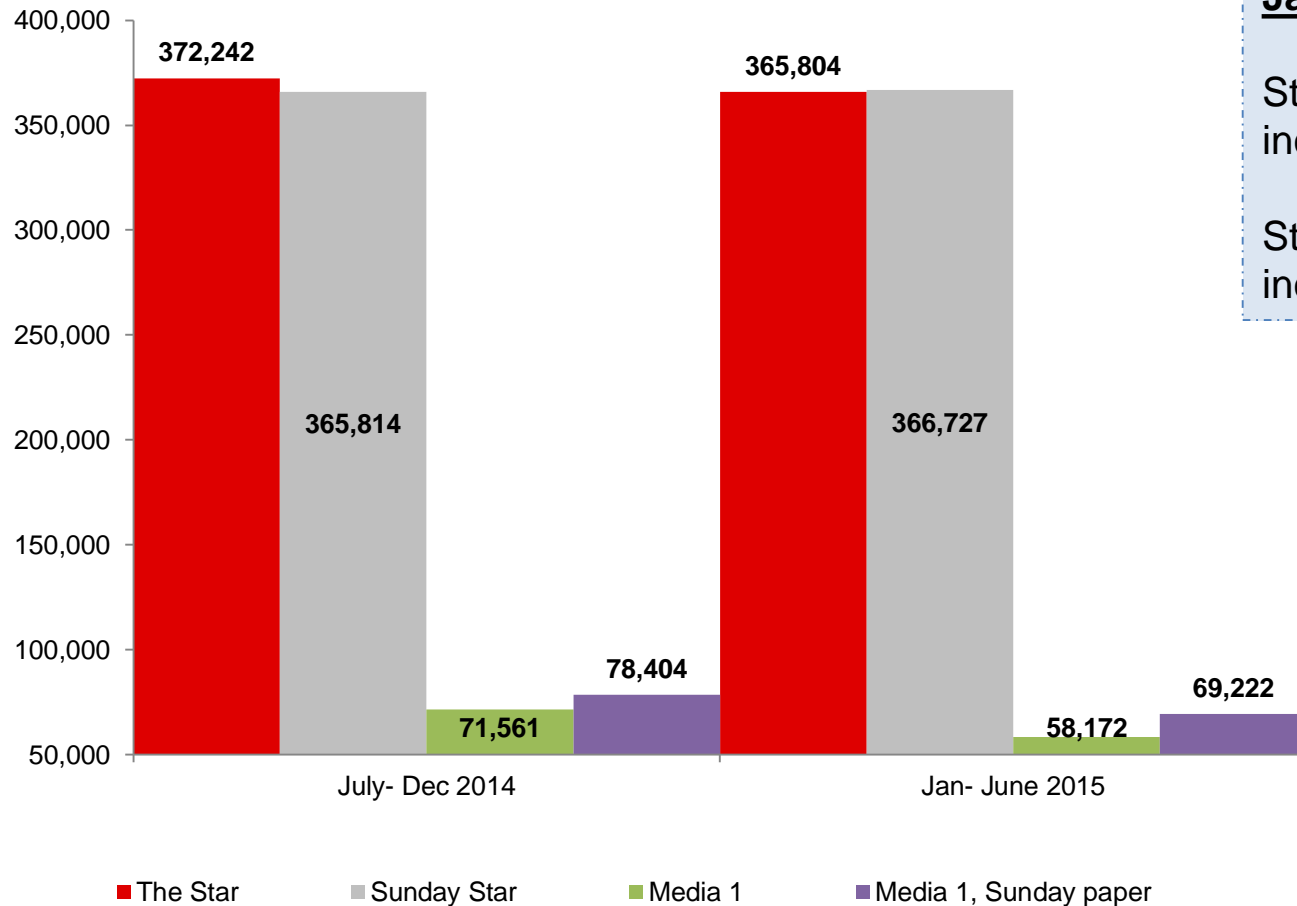
Jul14-June15

Star readership has increased by 14.9%

Sunday Star readership has increased by 18.1%

Maintain commanding lead in English Paper circulation

Circulation for English papers



Jan-June 2015

Star epaper
increased by 8.7%

Star Sunday epaper
increased by 8.3%

- **The Star: down by 1.7%**
- **Sunday Star: increase by 0.2%**

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Performance of Star Media Group Berhad

(RM million)	3Q15	3Q14	Var.	2Q15	Var. (3Q15 vs 2Q15)	9M15	9M14	Var.
Revenue	254.51	247.18	3.0%	266.31	(4.4)%	738.25	732.85	0.7%
EBITDA	34.86	51.32	(32.1)%	48.09	(27.5)%	123.98	140.98	(12.1)%
PBT	29.20	46.69	(37.5)%	42.93	(32.0)%	109.73	121.12	(9.4)%
VSS Expenses	-	-	-	-	-	-	11.50	(100)%
Adjusted PBT (excluding VSS)	29.20	46.69	(37.5)%	42.93	(32.0)%	109.73	132.62	(17.3)%
EBITDA Margin	13.7%	20.8%	-	18.1%	-	16.8%	19.2%	-
PBT Margin	11.5%	18.9%	-	16.1%	-	14.9%	16.5%	-
Adjusted PBT Margin	11.5%	18.9%	-	16.1%	-	14.9%	18.1%	-

Group revenue increased marginally. Profits affected by lower print and I.Star Ideas Factory's revenue

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3Q15 Business Segments

1.

- **Print and Digital**

2.

- Event, Exhibition, Interior and Thematic

3.

- TV Channel

4.

- Radio

Performance of Star Media Group Berhad

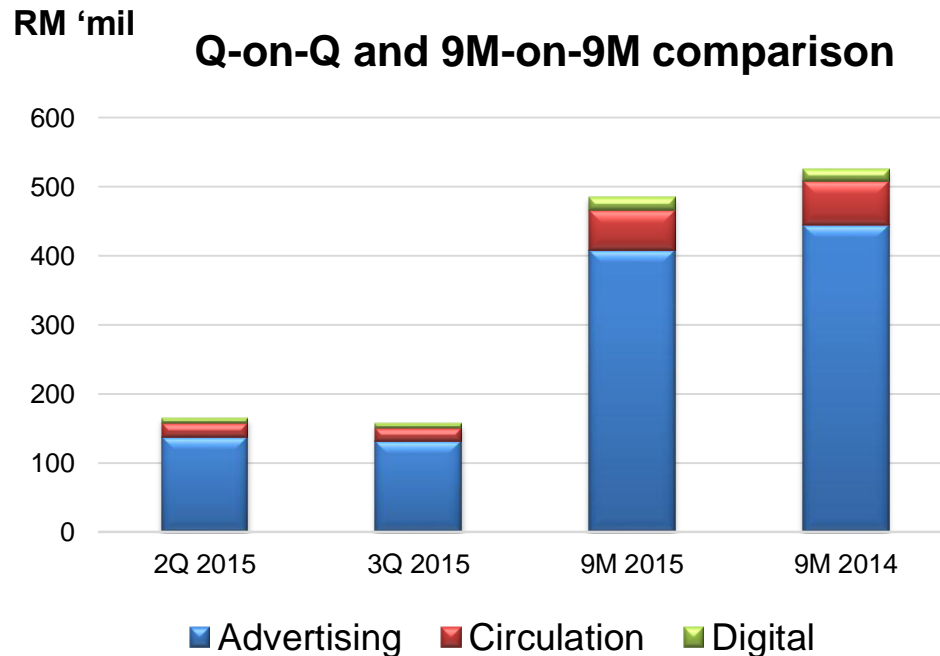
Print and Digital Segment

(RM million)	3Q15	3Q14	Var.	2Q15	Var. (3Q15 vs 2Q15)	9M15	9M14	Var.
Revenue	157.24	175.43	(10.4)%	164.98	(4.7)%	484.82	526.32	(7.9)%
EBITDA	40.34	51.44	(21.6)%	45.41	(11.2)%	131.26	130.50	0.6%
PBT	35.95	49.07	(26.7)%	39.79	(9.7)%	120.18	117.32	2.4%
<i>EBITDA Margin</i>	25.7%	29.3%	-	27.5%	-	27.1%	24.8%	-
<i>PBT Margin</i>	22.9%	28.0%	-	24.1%	-	24.8%	22.3%	-

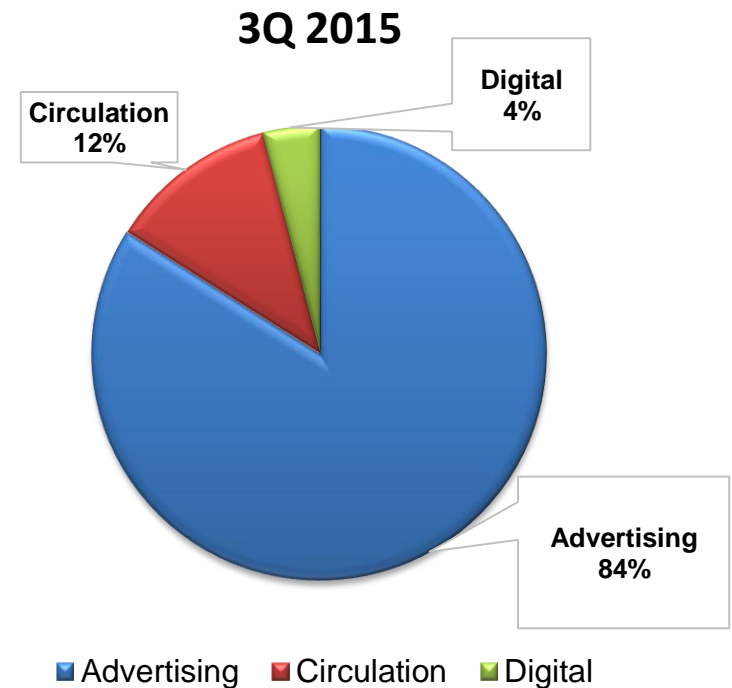
Revenue decreased by 7.9% due to poor consumer sentiment and overall soft market

Breakdown of Revenue

Q-on-Q comparison



**3Q15 Rev – RM 157.24 vs
RM164.98 mn in 2Q15**



**Consumers held back ad spending due to weakening ringgit
and uncertain local market conditions**

3Q15 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)	3Q15	3Q14	Var.	2Q15	Var. (3Q15 vs 2Q15)	9M15	9M14	Var.
Revenue	1.31	8.51	(84.6)%	7.93	(83.5)%	12.71	23.9	(46.8)%
EBITDA/ (LBITDA)	(0.36)	4.40	(108.2)%	2.36	(115.3)%	1.45	10.77	(86.5)%
PBT/LBT	(0.37)	4.30	(108.6)%	2.33	(115.9)%	1.39	10.43	(86.7)%
EBITDA/ (LBITDA) Margin	(27.5)%	51.7%	-	29.8%	-	11.4%	45.1%	-
PBT/LBT Margin	(28.2)%	50.5%	-	29.4%	-	10.9%	43.6%	-

**GST, uncertain economic conditions & local rallies.
Dampened local event industries.
Postponement of PWTC event from 3Q to 4Q.**

Performance of Cityneon Holdings Limited

(SGD million)	3Q15	3Q14	Var.	2Q15	Var. (3Q15 vs 2Q15)	9M15	9M14	Var.
Revenue	23.85	19.27	23.8%	27.74	(14.0)%	64.54	49.59	30.1%
EBITDA/ (LBITDA)	(0.58)	0.16	(462.5)%	1.15	(150.4)%	(0.92)	0.54	(270.4)%
PBT/LBT	(1.04)	(0.06)	(1633.3)%	0.91	(214.3)%	(1.77)	0.05	(3640.0)%
<i>EBITDA/ (LBITDA) Margin</i>	(2.4)%	0.8%	-	4.1%	-	(1.4)%	1.1%	-
<i>PBT/LBT Margin</i>	(4.4)%	(0.3)%	-	3.3%	-	(2.7)%	0.1%	-

Lower gross profit margins and VHE acquisitions costs

3Q15 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)	3Q15	3Q14	Var.	2Q15	Var. (3Q15 vs 2Q15)	9M15	9M14	Var.
Revenue	0.80	0.75	6.7%	0.60	33.3%	2.18	2.30	(5.2)%
(LBITDA)	(0.45)	(0.54)	16.7%	(0.50)	10.0%	(1.40)	(1.39)	(0.7)%
LBT	(0.50)	(0.53)	5.7%	(0.52)	3.8%	(1.46)	(1.44)	(1.4)%
EBITDA/ (LBITDA) Margin	(56.3)%	(72.0)%	-	(83.3)%	-	(64.2)%	(60.4)%	-
LBT Margin	(62.5)%	(70.7)%	-	(86.7)%	-	(67.0)%	(62.6)%	-

Li TV results impacted by increase in direct costs

3Q15 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)	3Q15	3Q14	Var.	2Q15	Var. (3Q15 vs 2Q15)	9M15	9M14	Var.
Revenue	12.84	13.38	(4.0)%	12.29	4.5%	36.93	38.49	(4.1)%
EBITDA/(LBITDA)	(0.01)	1.49	(100.7)%	(0.33)	97.0%	0.76	2.58	(70.5)%
PBT/(LBT)	(0.44)	(0.25)	(76.0)%	(0.54)	18.5%	(0.21)	(2.62)	92.0%
EBITDA/ (LBITDA) Margin	(0.1)%	11.1%	-	(2.7)%	-	2.1%	6.7%	-
PBT/(LBT) Margin	(3.4)%	(1.9)%	-	(4.4)%	-	(0.6)%	(6.8)%	-

(after inter company transaction eliminations)



**Challenging media environment due to economic uncertainty.
Loss of key sponsorship - O&G sector.**

Key takeaways on 3Q15 results

- All business segments were affected by poor consumer sentiment which were mainly due to local issues and the weakening Ringgit.
- Despite the challenging environment, revenue from non-print sectors (i.e. Cityneon) increased.

Diversification of revenue stream

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Media outlook 4Q15 & 2016

1.

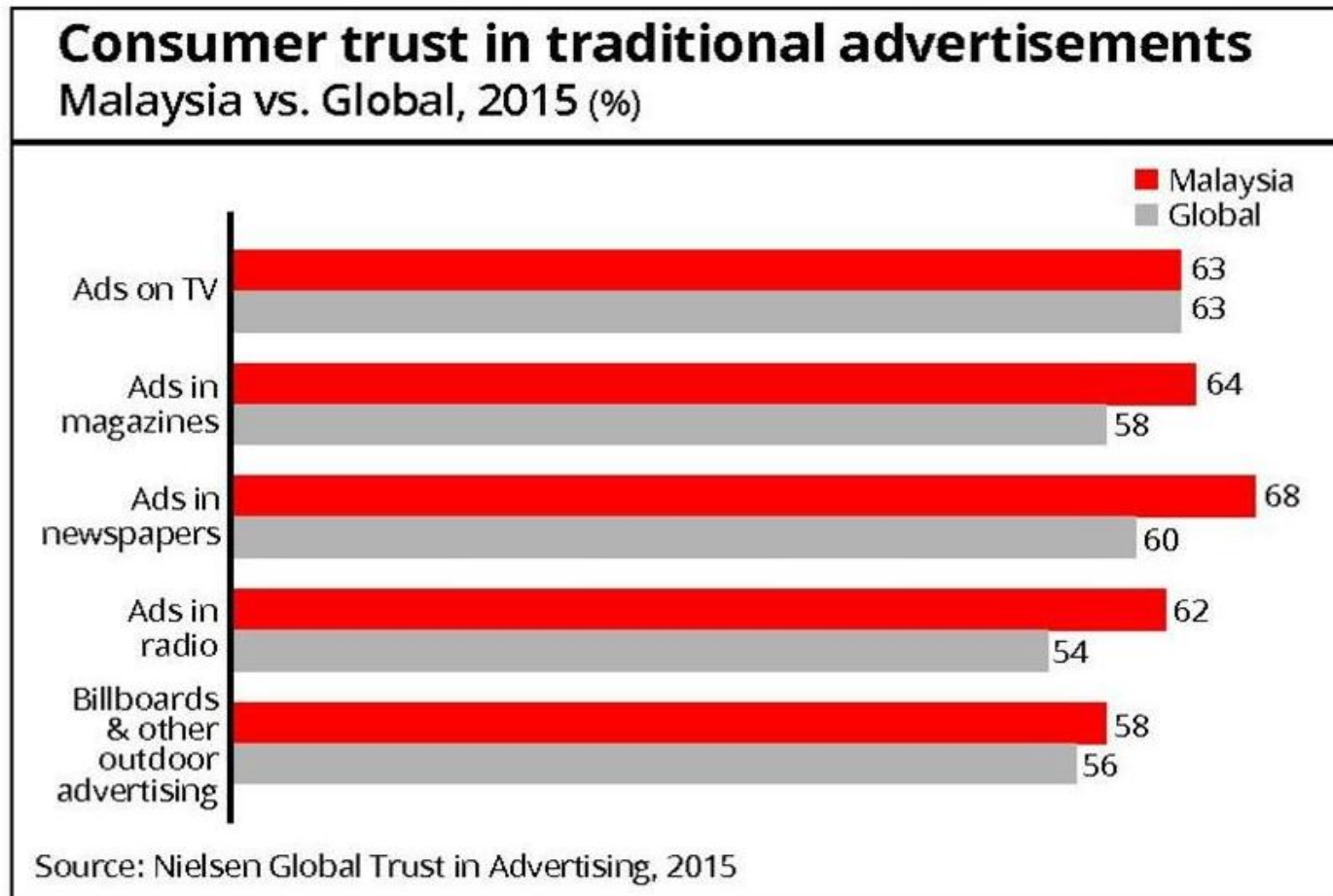
- Expect 4Q15 to be extremely challenging

2.

- 2016 is expected to be equally as soft

Group should be able to sustain market share

Print ad prospects: Still kicking we say



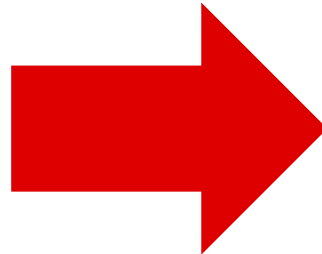
29 Sept – Nielsen's report states that traditional advertising format continues to be the most trusted form of paid advertising in Malaysia which are above or consistent with global average.

Key Challenges & Transformational Progress

CHALLENGES

Secular headwinds

- Soft economic environment: weak Ringgit and domestic issues
- Decline in ad spend & circulation
- Fragmented ad spend owing to digital migration



TACTICS

Positioning to changing landscape

- Defend market share in ad revenue & circulation
- Leveraging our consumer data/insights and extending to advertisers
- Investment in digital media such as Star TV and mobile apps

Strategic Priorities

Leveraging on our content and media assets

1.

Enhancing effectiveness & creativity of advertising sales such as the Mountain Dew Neon Edition

2.

Innovating technology platforms for consumers & advertisers

Opportunities

Increase audience scale across platforms

- Investing in digital media including content, mobile and video to expand audience base

Data collection and targeting

- Leveraging on our extensive consumer data and extending insights to advertisers to help them with their advertising needs

Events expansion

- Expanding our events and edutainment sector

Capital FM

- Acquired remaining 20% at RM1.5m.
- Rational is to have 100% control for strategic reasons and for faster decision making process

Li TV

- With the 100% control, the Group will be able to implement its plans more efficiently
- Faster decision making process
- Enables the Group to fully benefit from any support /collaboration provided to Li TV by the Group's other media assets
- Some cost savings from shared administration

Cityneon

- Placement of shares completed and resumption of trading on 11 Nov 2015
- Group now owns 65% of Cityneon through Laviani
- Marvel next venue is in Las Vegas together with Transformers

SEE YOU SOON



THANK
YOU