

# THE STAR MEDIA GROUP

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**Analyst Briefing**  
**Wednesday, 20 August 2014**

THE STAR MEDIA GROUP

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# Agenda

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**Quarter 2  
2014 Group  
financials**

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**Business  
Segments**

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**Quarter 2  
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highlights**

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**Media  
Outlook 2H14**

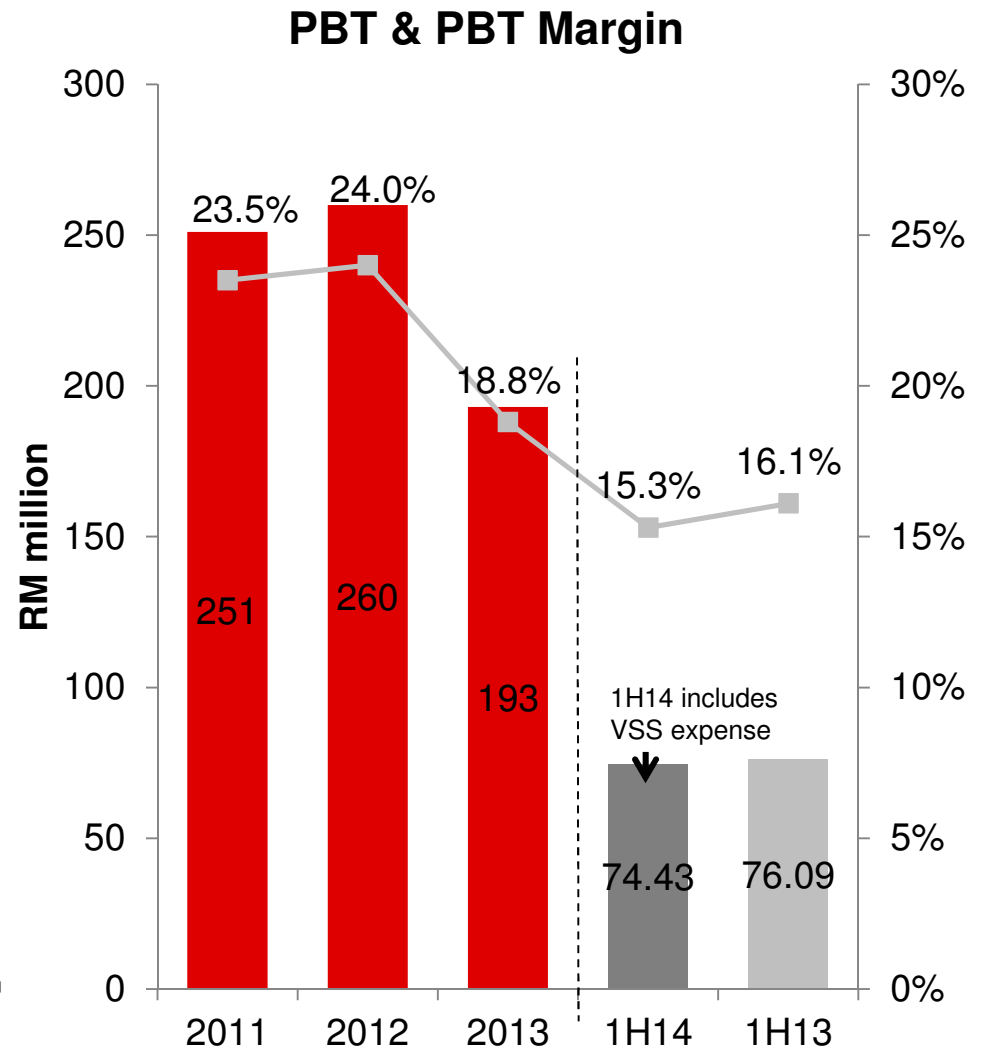
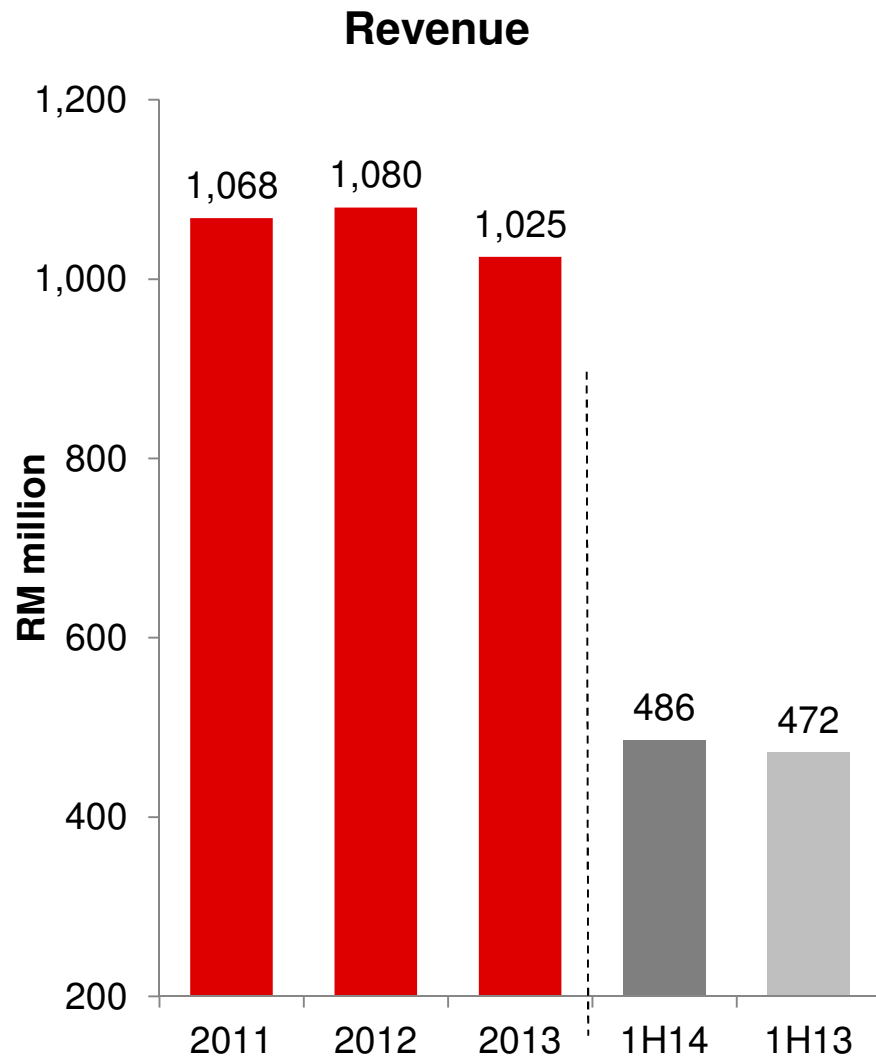
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# Performance of The Star Group

(RM million)	2Q14	2Q13	Var.	1Q14	Var. (2Q14 vs 1Q14)	1H14	1H13	Var.
<b>Revenue</b>	<b>274.53</b>	251.32	<b>+9.2%</b>	211.14	<b>+30.0%</b>	485.67	471.94	<b>+2.9%</b>
<b>EBITDA</b>	<b>59.43</b>	47.27	<b>+25.7%</b>	30.23	<b>+96.6%</b>	89.66	91.44	<b>(1.9)%</b>
<b>PBT</b>	<b>52.78</b>	41.10	<b>+28.4%</b>	21.65	<b>+143.8%</b>	74.43	76.09	<b>(2.2)%</b>
VSS Expenses	<b>1.92</b>	-	-	9.58	<b>(80.0)%</b>	11.50	-	-
<b>Adjusted PBT (excluding VSS)</b>	<b>54.70</b>	41.10	<b>+33.1%</b>	31.23	<b>+75.2%</b>	85.93	76.09	<b>+12.9%</b>
<b>EBITDA Margin</b>	<b>21.6%</b>	18.8%		14.3%		18.5%	19.4%	
<b>PBT Margin</b>	<b>19.2%</b>	16.4%		10.3%		15.3%	16.1%	
<b>Adjusted PBT Margin</b>	<b>19.9%</b>	16.4%		14.8%		17.7%	16.1%	

**Q2 recorded higher revenue and profit margins, resulting in a strong H1**

# Half yearly highlights 2014



**Better performance despite challenging environment**

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# 2Q14 Business Segments

1.

- **Print and Online**

2.

- Event, Exhibition, Interior and Thematic

3.

- TV Channel

4.

- Broadcasting

# Performance of Star Publications (M) Bhd

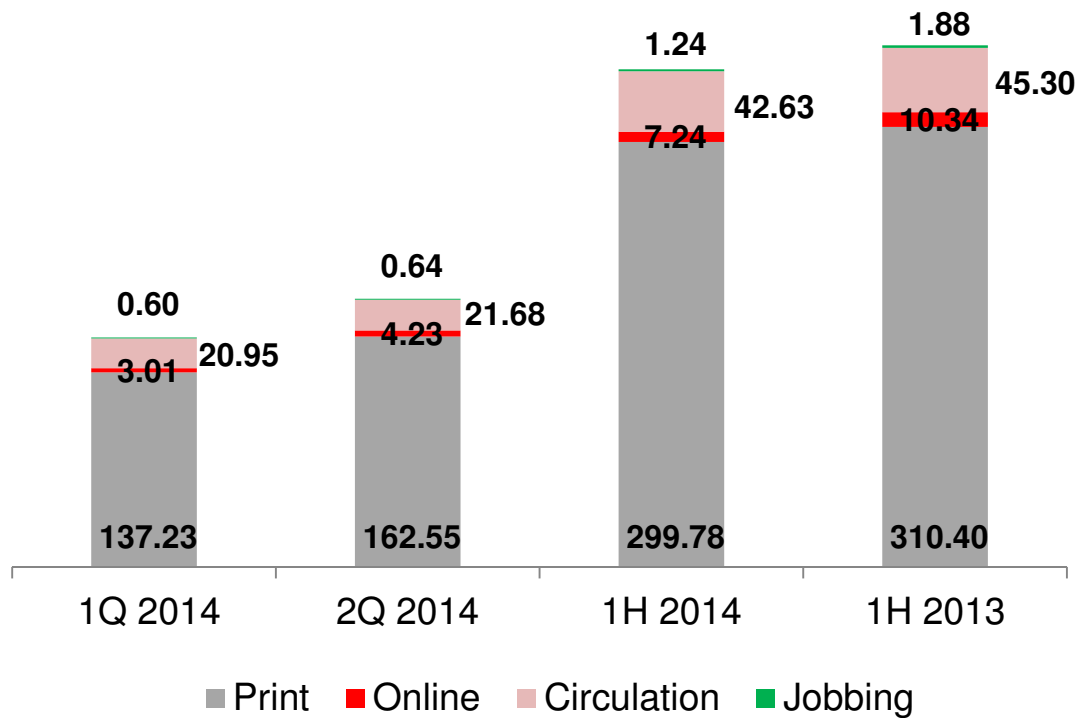
(RM million)	2Q14	2Q13	Var.	1Q14	Var. (2Q14 vs 1Q14)	1H14	1H13	Var.
<b>Revenue</b>	<b>189.10</b>	185.18	<b>+2.1%</b>	161.79	<b>+16.9%</b>	350.89	367.94	<b>(4.6)%</b>
<b>EBITDA</b>	<b>51.26</b>	48.29	<b>+6.2%</b>	27.80	<b>+84.4%</b>	79.06	101.37	<b>(22.0)%</b>
<b>PBT</b>	<b>46.48</b>	47.20	<b>(1.5)%</b>	21.77	<b>+113.5%</b>	68.25	91.55	<b>(25.5)%</b>
VSS Expenses	<b>1.92</b>	-	-	9.58	-	11.50	-	-
<b>Adjusted PBT</b> (excluding VSS)	<b>48.40</b>	47.20	<b>2.5%</b>	31.35	<b>+54.4%</b>	79.75	91.55	<b>(12.9)%</b>
<b>EBITDA Margin</b>	<b>27.1%</b>	26.1%		17.2%		22.5%	27.6%	
<b>PBT Margin</b>	<b>24.6%</b>	25.5%		13.5%		19.5%	24.9%	
<b>Adjusted PBT Margin</b>	<b>25.6%</b>	25.5%		19.4%		22.7%	24.9%	

**Improvement in Q2 EBITDA from effective cost savings**

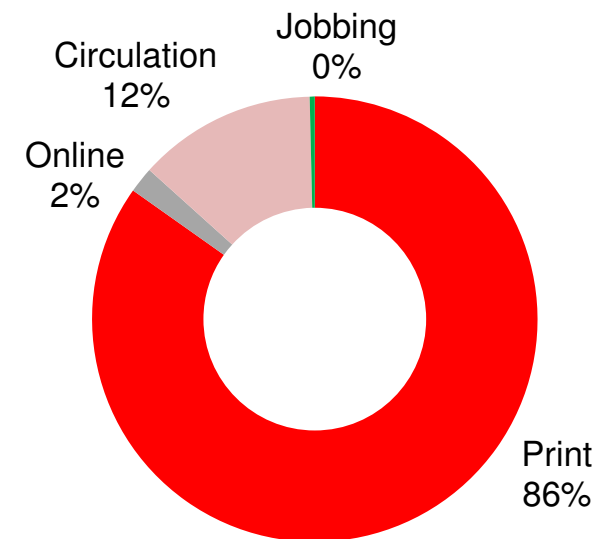


# Breakdown of Revenue

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



**2Q14 Rev – RM189.1 m**



**2Q2014 vs 1Q2014 Revenue improved in all segments**

# Print Circulation Data

## ABC Figures



	Jan to June 2013			July to Dec 2013		
	Print	ePaper	Total	Print	ePaper	Total
<b>English Newspapers</b>						
The Star	289,362	49,006	338,368	289,611	49,551	339,162
Sunday Star	292,225	46,777	339,002	292,226	49,737	341,963
<b>Free and controlled distribution (Chinese)</b>						
Red Tomato	220,012	-	220,012	209,599	-	209,599

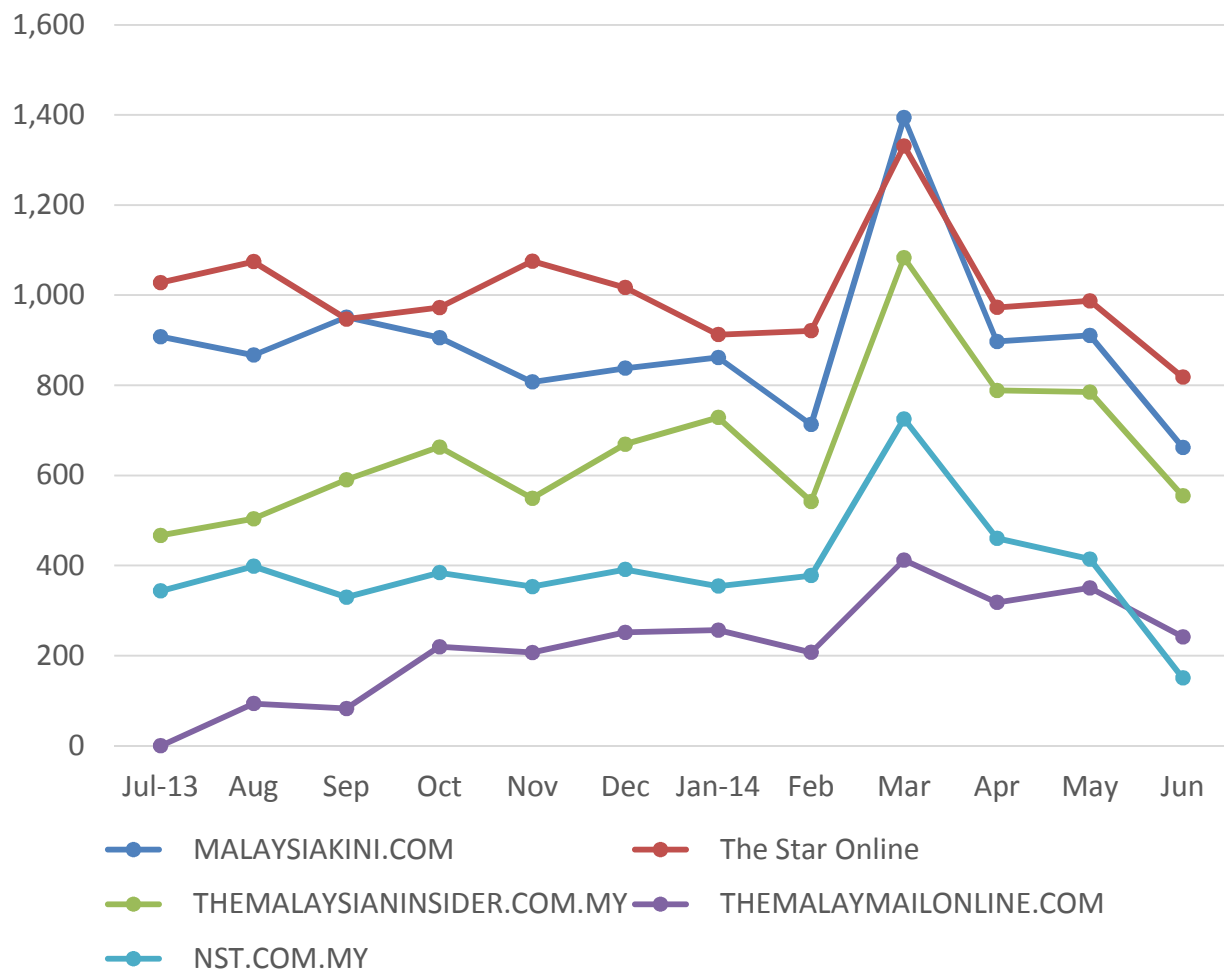
Source: Audit Bureau of Circulations

**Increase in circulation for both Print and e-Paper**

# Star Digital Performance Jul '13-Jun '14

## The Star Online

Total Unique Visitors ('000)



- **The Star Online** maintains its leadership in **local news** category in most of the months
- Achieved higher traffic than **Malaysiakini** in most of the months (10/12)

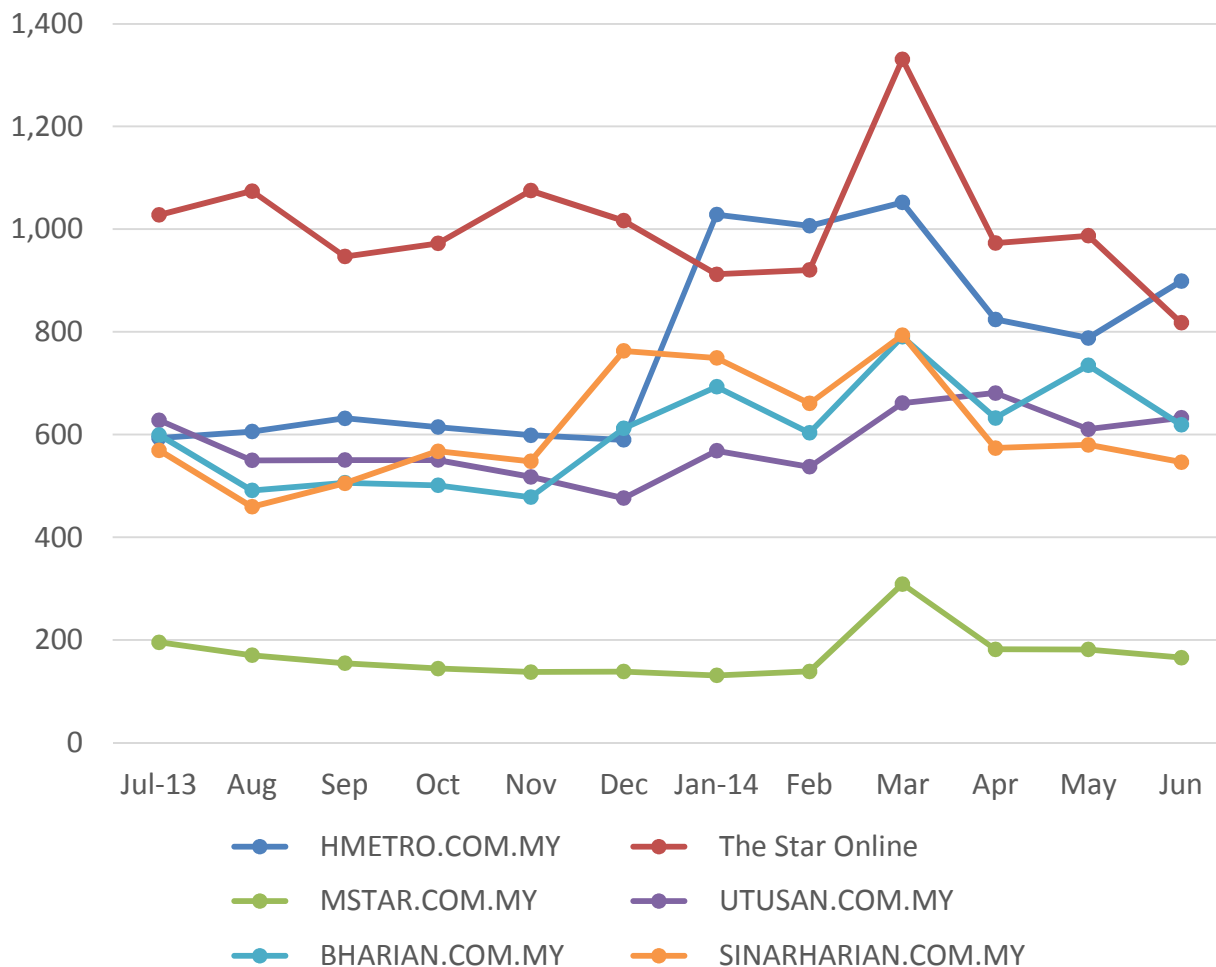
Month	UV
Jan '14	912
Feb	921
Mar	1,331
Apr	973
May	987
Jun	818

Source: comScore Media Metrix

# Star Digital Performance Jul '13-Jun '14

mStar

Total Unique Visitors ('000)



- **Harian Metro** grows fast in Malay news category
- **mStar** has achieved substantial growth after March revamp (before revamp was around 130+k; after was around 166k-180+k)

Month	UV
Jan '14	131
Feb	139
Mar	309
Apr	182
May	181
Jun	166

Source: comScore Media Metrix

# 2Q14 Business Segments

1.

- Print and Online

2.

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

3.

- TV Channel

4.

- Broadcasting

# Performance of I.Star Ideas Factory

## Perfect Livin'

(RM million)	2Q14	2Q13	Var.	1Q14	Var. (2Q14 vs 1Q14)	1H14	1H13	Var.
<b>Revenue</b>	<b>13.18</b>	11.32	<b>+16.4%</b>	2.21	<b>&gt;100%</b>	15.39	12.74	<b>+20.8%</b>
<b>EBITDA/ (LBITDA)</b>	<b>6.75</b>	6.04	<b>+11.8%</b>	(0.38)	<b>&gt;100%</b>	6.37	5.73	<b>+11.2%</b>
<b>PBT/LBT</b>	<b>6.48</b>	5.52	<b>+17.4%</b>	(0.35)	<b>&gt;100%</b>	6.13	5.18	<b>+18.3%</b>
<b>EBITDA/ (LBITDA) Margin</b>	<b>51.2%</b>	53.4%		(17.2%)		41.4%	45.0%	
<b>PBT/LBT Margin</b>	<b>49.2%</b>	48.8%		(15.8%)		39.8%	40.7%	

**Increased revenue from additional show in Penang**

# Performance of Cityneon Holdings Limited

(SG million)	2Q14	2Q13	Var.	1Q14	Var. (2Q14 vs 1Q14)	1H14	1H13	Var.
<b>Revenue</b>	<b>19.38</b>	14.76	<b>+31.3%</b>	10.94	<b>+77.1%</b>	30.32	23.51	<b>+29.0%</b>
<b>EBITDA/ (LBITDA)</b>	<b>0.11</b>	(0.13)	<b>+184.6%</b>	0.27	<b>(59.3)%</b>	0.38	(1.63)	<b>+123.3%</b>
<b>PBT/LBT</b>	<b>0.02</b>	(0.02)	<b>+200.0%</b>	0.09	<b>(77.8)%</b>	0.11	(1.91)	<b>+105.8%</b>
<b>EBITDA/ (LBITDA) Margin</b>	<b>0.6%</b>	(0.9)%		2.5%		1.3%	(6.9)%	
<b>PBT/LBT Margin</b>	<b>0.1%</b>	(0.1)%		0.8%		0.4%	(8.1)%	

**Increased contribution from the Middle East**  
**PBT improve due to better expense management**  
**Secure more projects in China and SEA**

# 2Q14 Business Segments

1.

- Print and Online

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- Event, Exhibition, Interior and Thematic

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- **TV Channel**

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- Broadcasting



# Performance of Li TV Holdings Limited

(USD million)	2Q14	2Q13	Var.	1Q14	Var. (2Q14 vs 1Q14)	1H14	1H13	Var.
<b>Revenue</b>	<b>0.73</b>	0.59	<b>+23.7%</b>	0.82	<b>(11.0)%</b>	1.55	0.99	<b>+56.6%</b>
<b>LBITDA</b>	<b>(0.48)</b>	(0.50)	<b>+4.0%</b>	(0.37)	<b>(29.7)%</b>	(0.85)	(1.14)	<b>+25.4%</b>
<b>LBT</b>	<b>(0.51)</b>	(0.51)	<b>+0.0</b>	(0.40)	<b>(27.5)%</b>	(0.91)	(1.18)	<b>+22.9%</b>
<b><i>LBITDA Margin</i></b>	<b>(65.8)%</b>	(84.7)%		(45.1)%		(54.8)%	(115.2)%	
<b><i>LBT Margin</i></b>	<b>(69.9)%</b>	(86.4)%		(48.8)%		(58.7)%	(119.2)%	

**Revenue continues to grow, with losses expected to narrow**

# 2Q14 Business Segments

1.

- Print and Online

2.

- Event, Exhibition, Interior and Thematic

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- TV Channel

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- **Broadcasting**

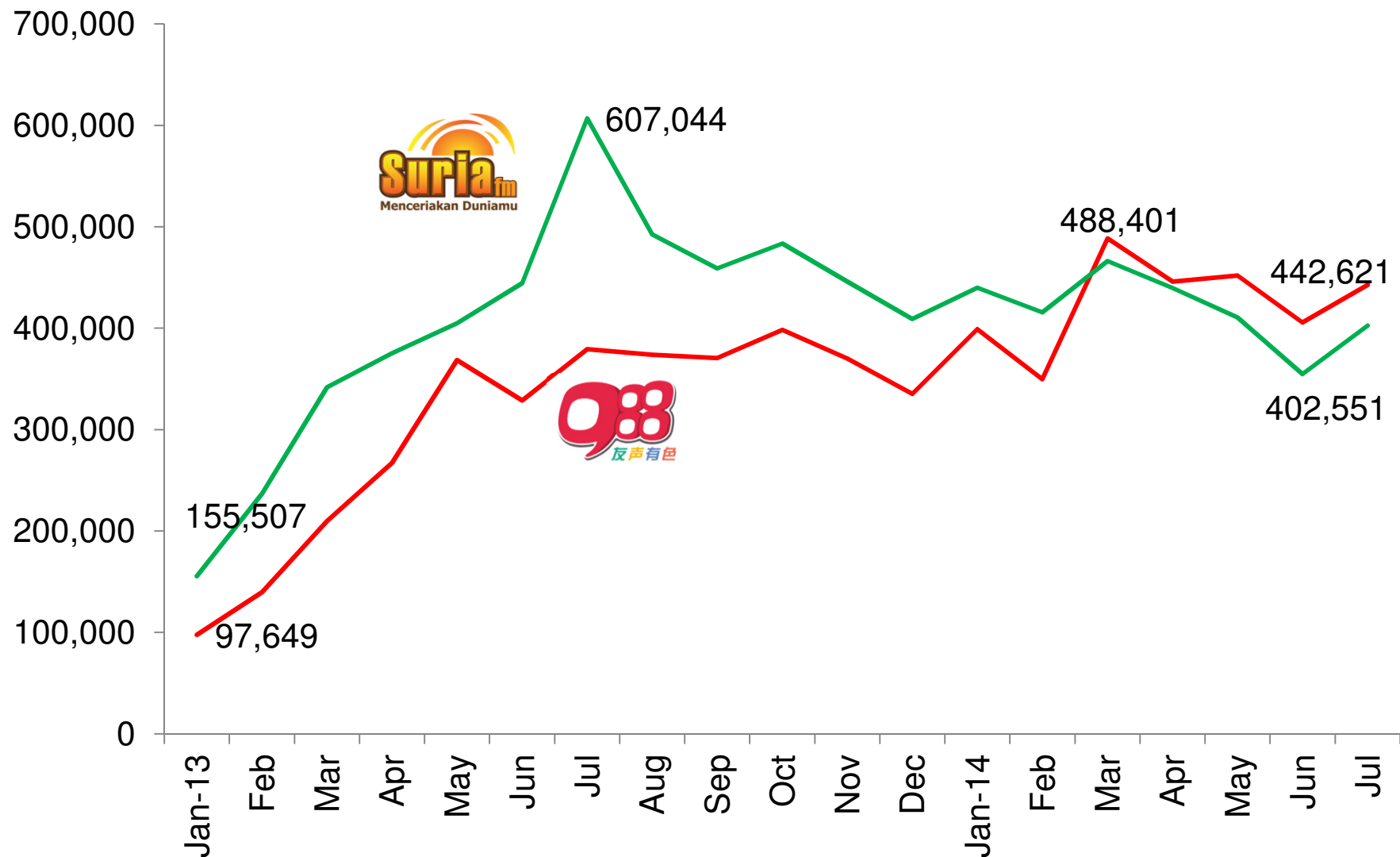
# Performance of Radio Operations

(RM million)	2Q14	2Q13	Var.	1Q14	Var. (2Q14 vs 1Q14)	1H14	1H13	Var.
<b>Revenue</b>	<b>13.03</b>	12.85	<b>+1.4%</b>	12.08	<b>+7.9%</b>	25.11	24.69	<b>+1.7%</b>
<b>EBITDA/ (LBITDA)</b>	<b>0.38</b>	(1.01)	<b>+137.6%</b>	0.71	<b>(46.5)%</b>	1.09	(0.89)	<b>+222.5%</b>
<b>LBT</b>	<b>(1.23)</b>	(2.25)	<b>+45.3%</b>	(1.14)	<b>(7.9)%</b>	(2.37)	(3.48)	<b>+31.9%</b>
<b>EBITDA/ (LBITDA) Margin</b>	<b>2.9%</b>	(7.9)%		5.9%		4.3%	(3.6)%	
<b>LBT Margin</b>	<b>(9.4)%</b>	(17.5)%		(9.4)%		(9.4)%	(14.1)%	

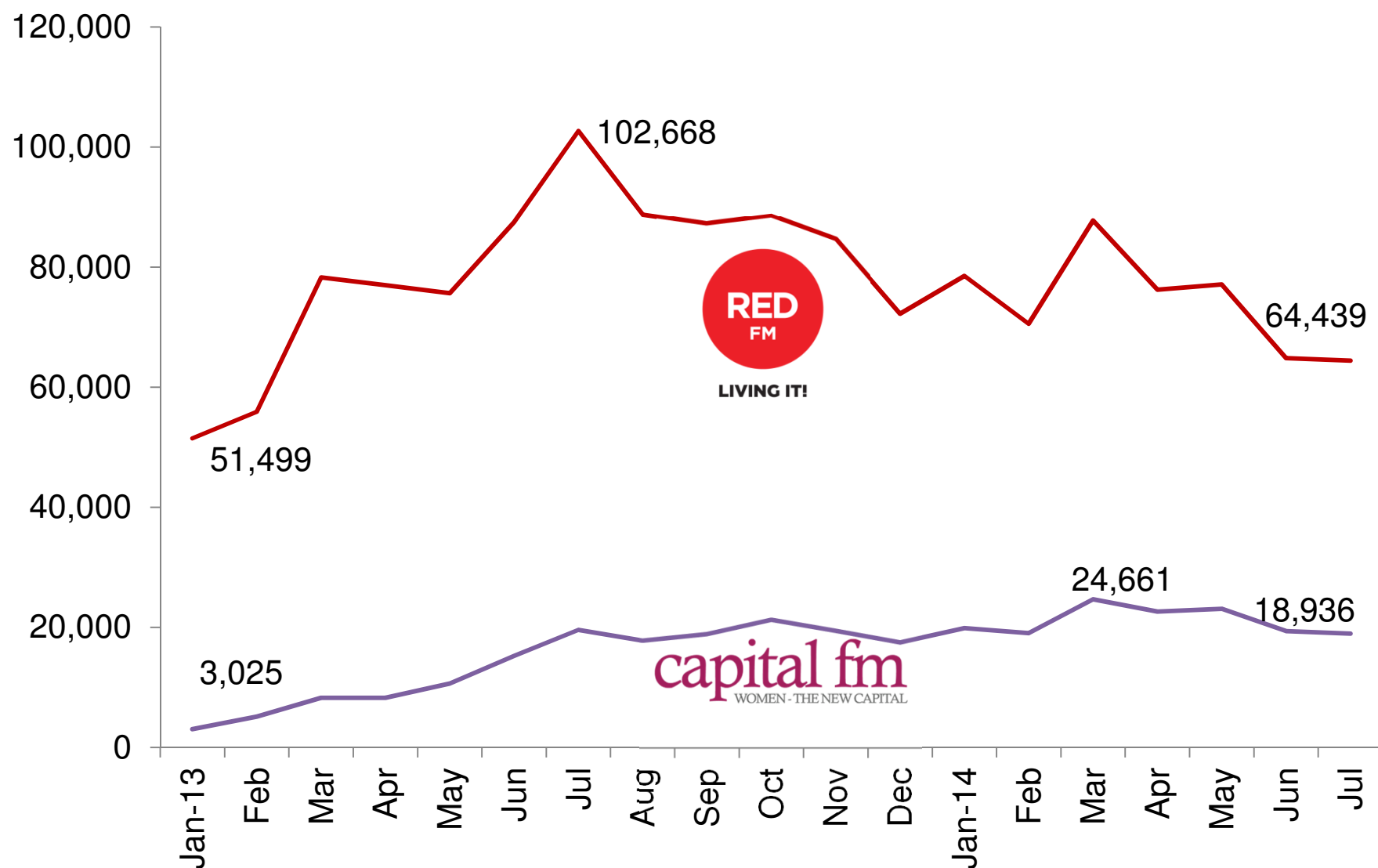
*(after inter company transaction eliminations)*

**1H14 performance stronger than 1H13  
Losses expected to continue to narrow**

# Radio Digital Listenership – Suria and 988



# Radio Digital Listenership – RED and Capital



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# Q2 highlights

1.

- **Bloomberg signing in May**
- **Expected to go live in September**

2.

- Continuous cost control initiatives

3.

- Moderate Malaysia campaign

# Bloomberg Partnership



**Close to finalising agreement  
Expected to be live in 3Q 2014**



# Q2 highlights

1.

- Bloomberg signing in May
- Expected to go live in September

2.

- **Continuous cost control initiatives**

3.

- Moderate Malaysia campaign

# Cost control initiatives

- Elimination of EDC's position
- Scaling down Star Sarawak operations
- VSS
- Savings in newsprint cost due to lower consumption & price:
  - evaluating the use of 42 gsm newsprint instead of 45 gsm
  - evaluating whether we should import our newsprint from Asean countries only to save on 10% import duty
- Rationalisation of loss-making segments: Shanghai, Faces and Red Tomato

# Q2 highlights

1.

- Bloomberg signing in May
- Expected to go live in September

2.

- Continuous cost control initiatives

3.

- **Moderate Malaysia campaign**

# FPFC Individual Ads

“If politicians are for the people, why do they insist on dividing us?”  
Marina Mahathir, The Star Columnist



Be part of the conversation. #moderateMY #thestarMY

**Star** BRAVE VIEWS, BOLD IDEAS.  
Keeping it open, rational and moderate.


“Stand up against religious and racial bigots, that's the only way to keep the country moderate.”  
Wong Chun Wai, The Star CEO



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“As loyal Malaysians, we must reject and fight extremism – before it is too late!”  
Tan Sri Ramen Navaratnam, The Star Contributor



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**30sec – Columnist Ad  
(CapitalFM & RedFM)  
Datuk Seri Wong Chun Wai**



# FPFC Individual Ads

“We must be allowed to develop critical, questioning minds to be empowered in a modern Malaysia.”  
Zaid Ibrahim, The Star Columnist



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“Too many among us have remained silent while our democracy is being trampled.”  
Zainah Anwar, The Star Columnist



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“If we value the democratic process we must defend it and continue to take part in it.”  
Azmi Sharom, The Star Columnist



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30sec – Columnist Ad  
(CapitalFM & RedFM)  
**Zainah Anwar**





# Voices of Moderation.

“Different views and opinions cannot be silenced. Discourse must continue to exist.”  
– Sharyn Shufiyan

“Liberalism is not an alien concept. It is the founding philosophy of this nation.”  
– Wan Saiful

“We need to be an inclusive society to transform Malaysia into a high income nation.”  
– Idris Jala

“We cannot fulfil our potential if we remain obsessed with race and religion.”  
– Karim Raslan

“Stand up against religious and racial bigots, that's the only way to keep the country moderate.”  
– Wong Chun Wai

“It is not differences that cause disunity. It is intolerance of differences that leads to disunity and violence.”  
– Shad Saleem Faruqi

“If politicians are for the people, why do they insist on dividing us?”  
– Marina Mahathir

“Sabah and Sarawak did not join Malaysia. They helped form it in 1963.”  
– Philip Gelingai

“Are we wrong in wanting a better Malaysia even if it differs from what some of us think it should be?”  
– Niki Cheong

“This country requires genuine reconciliation and all parties must close ranks for the sake of the country.”  
– Tan Sri Razali Ismail

“As loyal Malaysians, we must reject and fight extremism – before it is too late.”  
– Ian Sri Ramon Navaratnam

“We must be allowed to develop critical, questioning minds to be empowered in a modern Malaysia.”  
– Zaid Ibrahim

“If we value the democratic process we must defend it and continue to take part in it.”  
– Azmi Sharom

“Our leaders can be better leaders by always thinking for all, regardless of race or religion.”  
– Anas Zubedy

“Too many among us have remained silent while our democracy is being trampled.”  
– Zainah Anwar

Keeping it open, rational and moderate. Writers, columnists and leaders of The Star speak their minds because they know that words can change perspectives. Be part of the conversation. #moderateMY #thestarMY

BRAVE VIEWS, BOLD IDEAS.





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# Media landscape outlook for H2

1.

- Challenging economic and business environment

2.

- Increased ownership of mobile devices

3.

- Competitive industry



# Priorities beyond 1H 2014

1.

- Continuous commitment on ongoing cost control and rationalisation initiatives

2.

- Strengthening print and investing in digital

3.

- Investments in TV which garners largest share of adex

4.

- Strategic investments in other high growth areas

**THANK**  
**YOU**