

THE STAR MEDIA GROUP

Read. Listen. Watch. Think. Be Inspired

Analyst Briefing
Tuesday, 3 March 2015

Today's Presenters



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Group MD/ CEO



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Group CFO



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**Media
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2015 &
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2014 overview; A difficult market



**Economic
uncertainty**

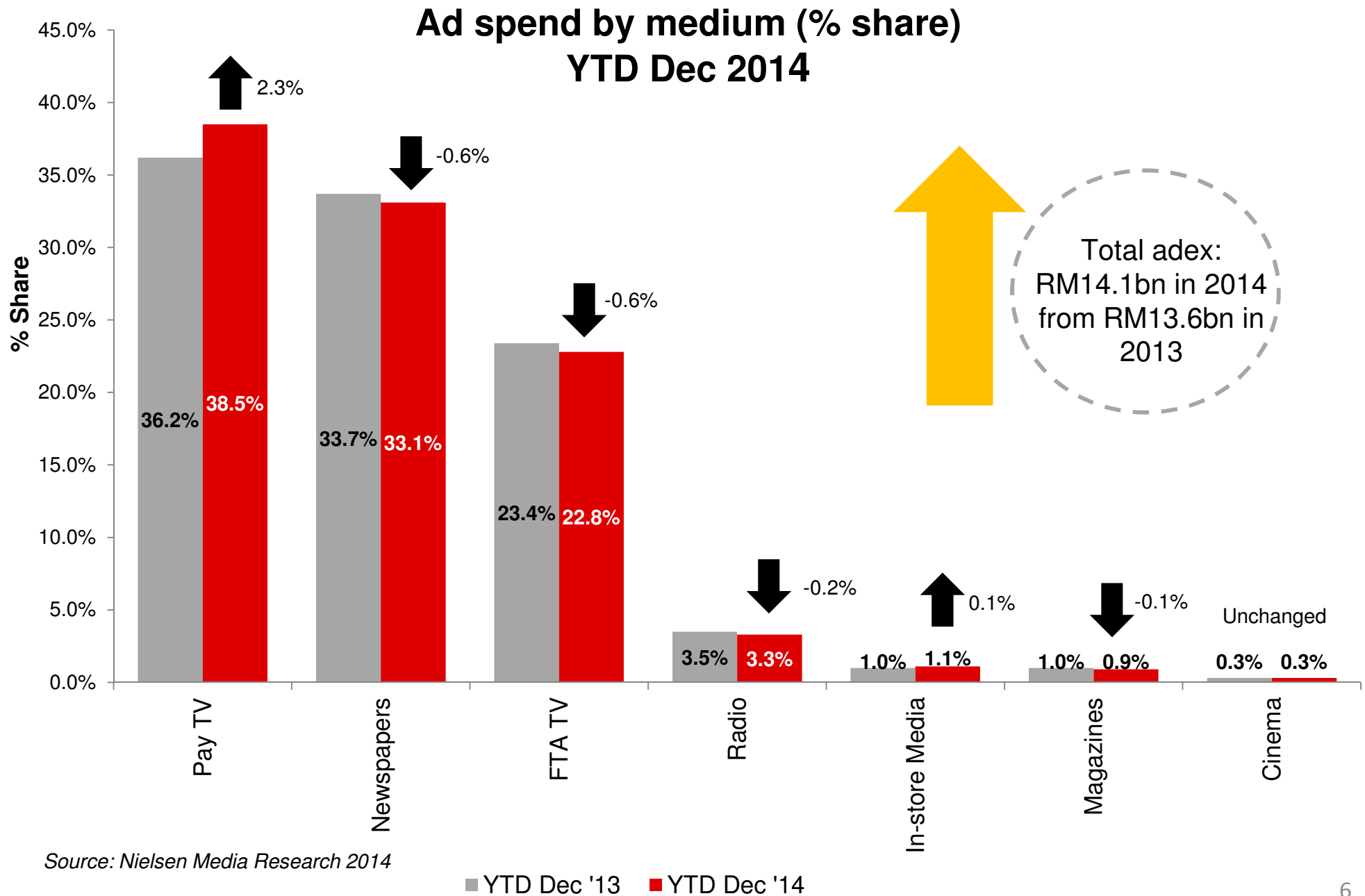
Interest rate hike

**Anxiety on GST
implementation**

**Aviation
tragedies**

**Subsidy
rationalisation**

Resilient market - Total ad spend grew 3.7%



Group ended FY14 on sustained momentum

Print and online

- Resilient circulation;
- Lion share of ad spend

Event, Exhibition, Interior and Thematic

- Registered strong growth

TV Channel

- Revenue sustained with fewer contracts completed

Radio

- Decline in revenue with lower adex spending

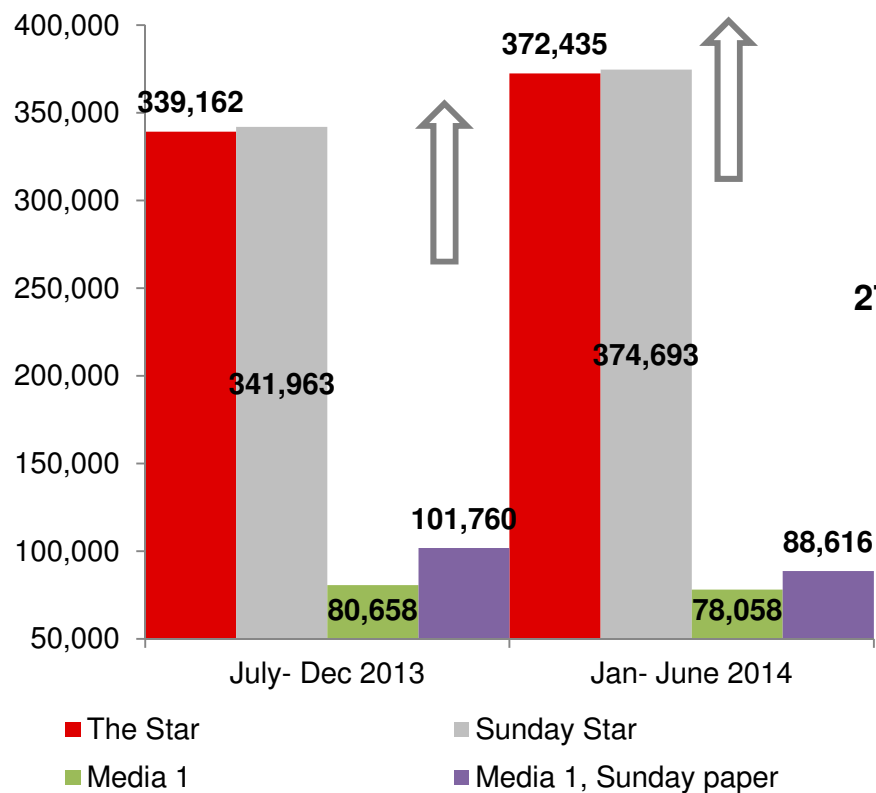
Dividends

- Upheld at 18 cents

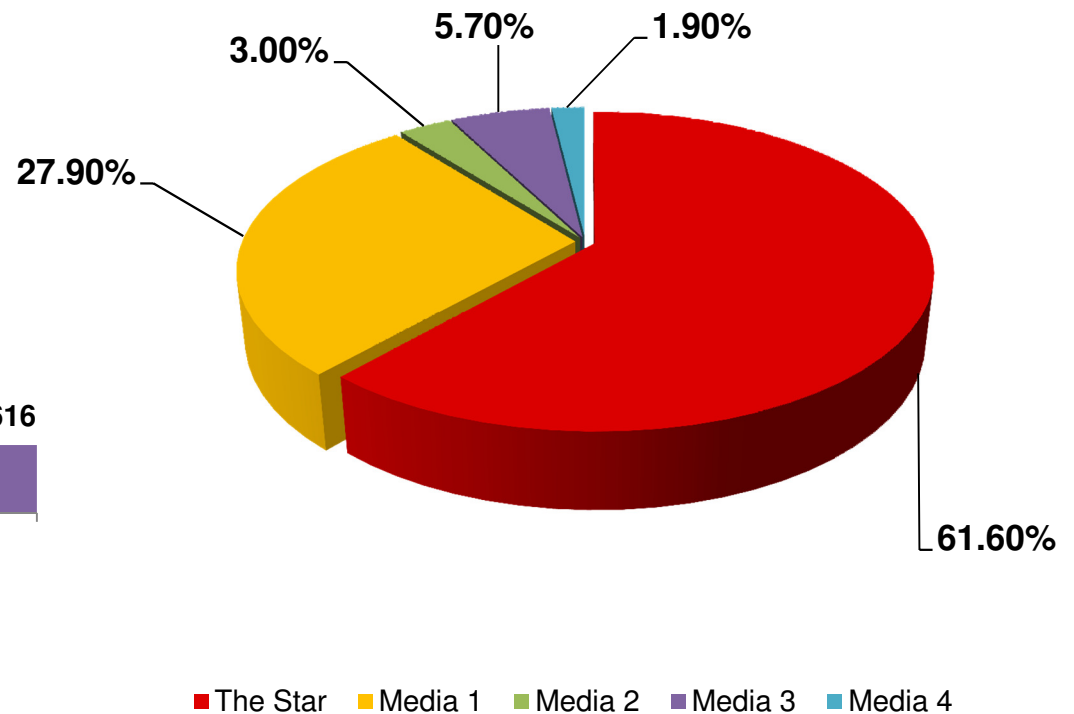
Outperformed a difficult market - Held up well

Print: Robust circulation; excellent share of adex

Circulation for English papers

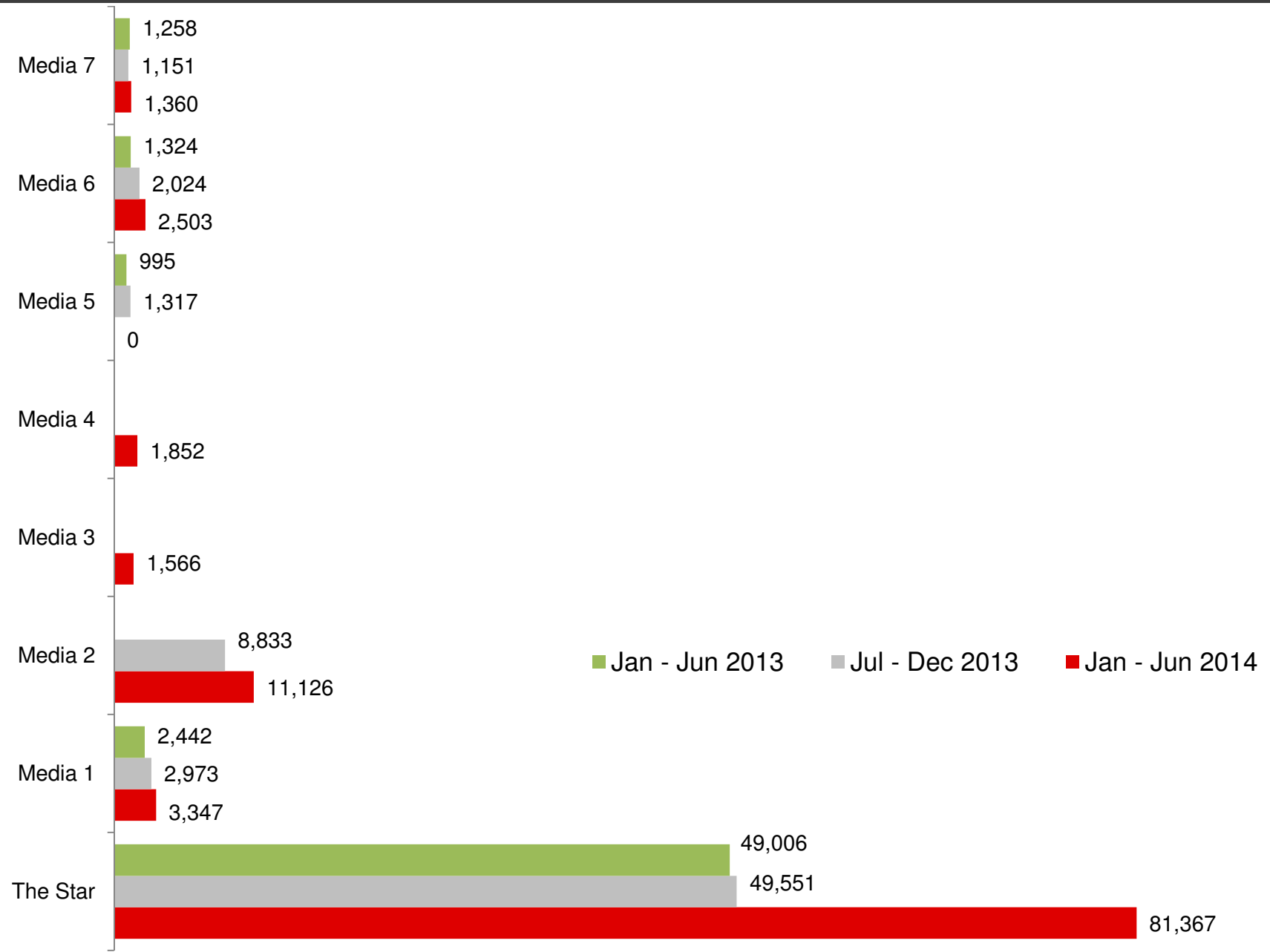


FY 2014 Share of Adex (%)
English Newspapers



- **The Star: up by 9.8%**
- **Sunday Star: increase by 9.6%**

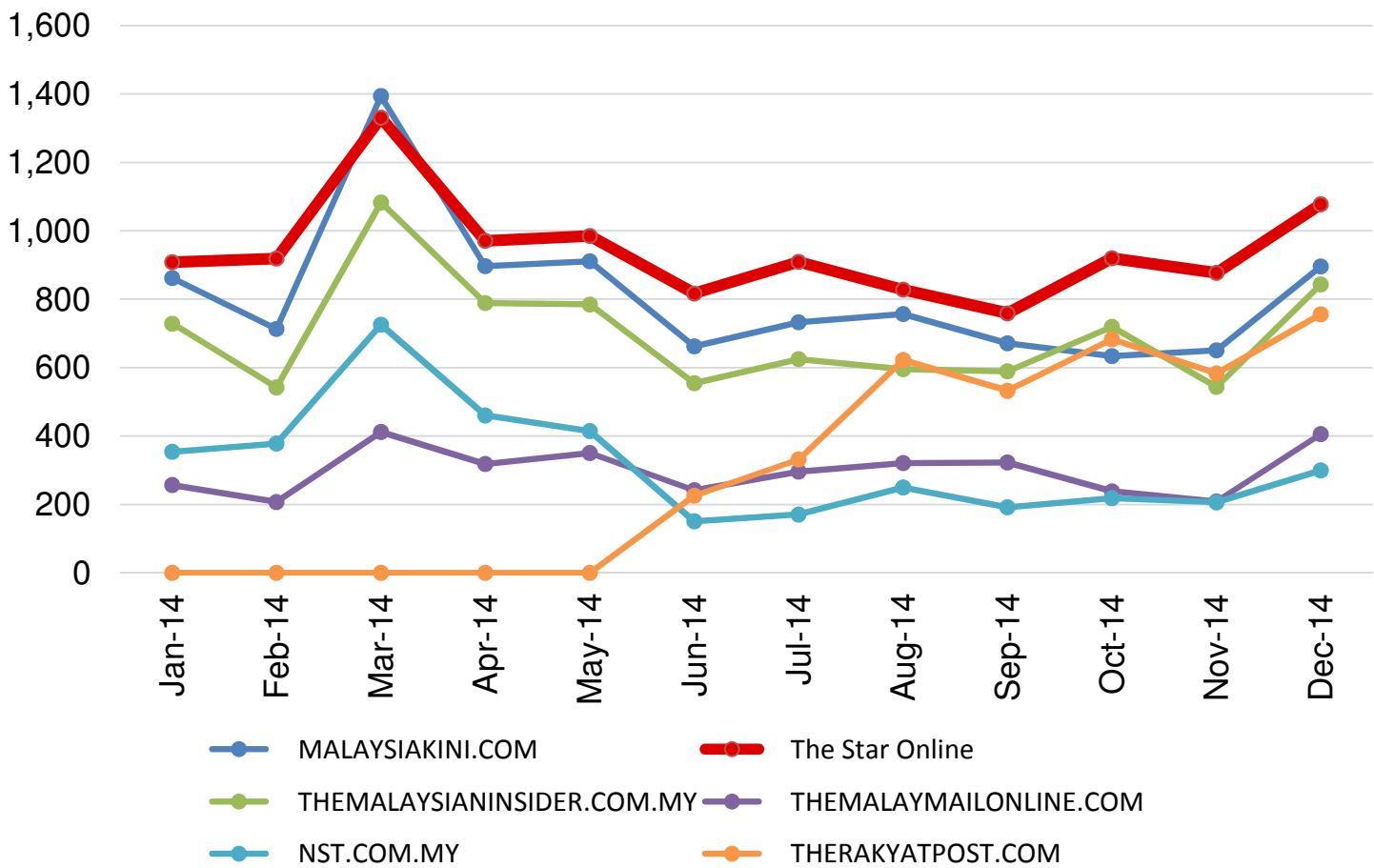
Clear market leader in e-circulation



*Source: Audit Bureau of Circulation

Star Online, # 1 for local English news

Total Unique Visitors (000)



Source: comScore Media Metrix

The Star Online

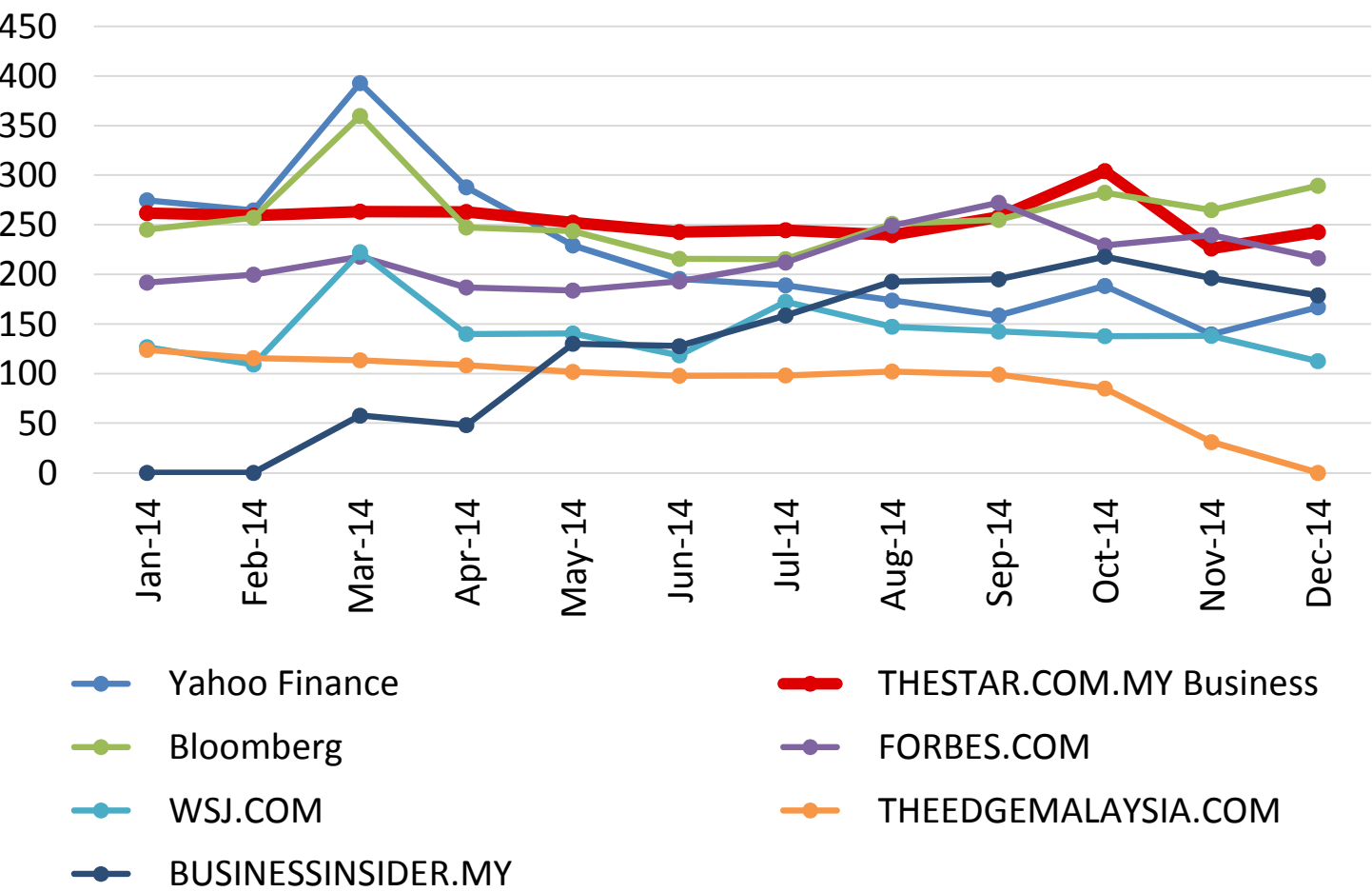
Month	UV
Jan '14	908
Feb	919
Mar	1,331
April	971
May	985
June	817
July	909
Aug	828
Sept	759
Oct	920
Nov	877
Dec	1,078

Source: comScore Media Metrix

- **The Star Online** maintains its leadership position in **local English news** category.

Star Biz, # 1 local business news

Total Unique Visitors (000)



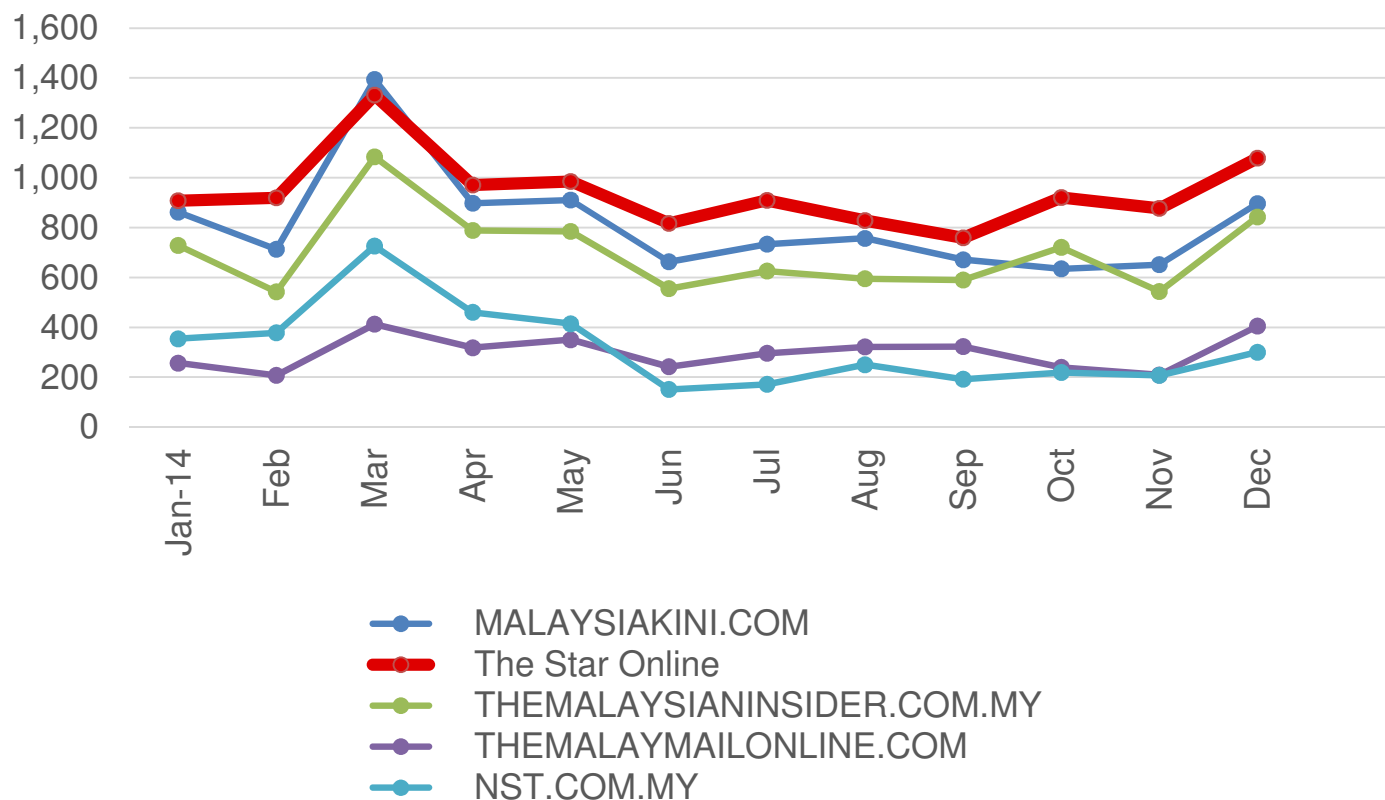
Business Vertical	
Month	UV
Jan '14	262
Feb	259
Mar	263
April	263
May	252
June	243
July	245
Aug	240
Sept	258
Oct	304
Nov	226
Dec	243

Source: comScore Media Metrix

- Star Business remains top local business news site in the market while competing with international players locally.

Star Online Performance Jan - Dec '14

Total Unique Visitors (000)



Source: comScore Media Metrix

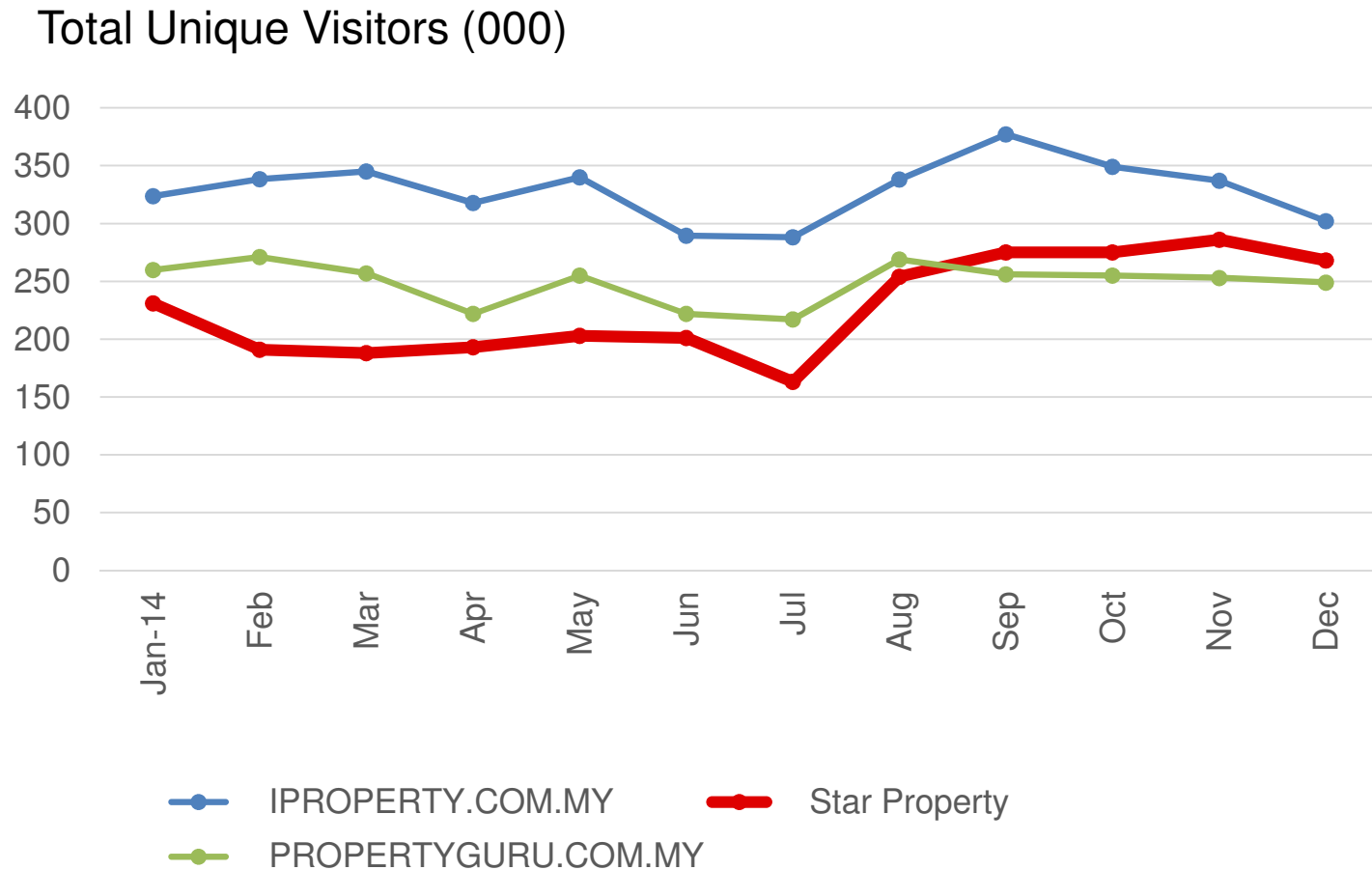
The Star Online

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Dec	1,078

Source: comScore Media Metrix

- **The Star Online** maintains its **lead position** in **local English news** category
- **Achieved higher traffic** than Malaysiakini in most of the months (11/12)

Star Property Performance Jan- Dec '14



Property Vertical	
Month	UV
Jan '14	231
Feb	191
Mar	188
Apr	193
May	203
Jun	201
Jul	163
Aug	254
Sep	275
Oct	275
Nov	286
Dec	268

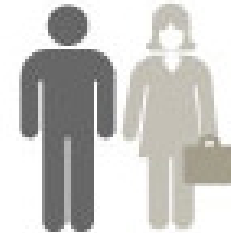
Source: comScore Media Metrix

Star Property family (Propwall+iBilik+Starproperty.my) gaining momentum since Aug'14 and has been on the uptrend

THE STAR'S MARKET SHARE AMONG MALAYSIAN ENGLISH NEWSPAPER READERS:



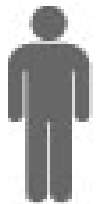
PMEB (PROFESSIONALS, MANAGERS, EXECUTIVES AND BUSINESSMEN)
Total PMEB: 484,000



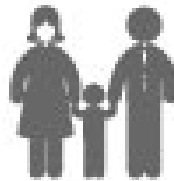
FEMALE
Total PMEB: 796,000



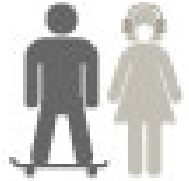
MALE
Total PMEB: 963,000



HOUSEHOLD DECISION MAKERS
Total PMEB: 467,000



YOUTH (15-24 YRS OLD)
Total PMEB: 374,000



Our readership profile

Chinese: 40%
Malay: 32%
Indian/Others: 28%

15 – 19 yo: 9%
20 – 24 yo: 12%
25 – 29 yo: 14%
30 – 39 yo: 24%
40 – 49 yo: 17%
50 – 59 yo: 15%
Over 60 yo: 9%

KL/PJ: 45%
PG/PW: 11%
Ipoh: 7%
JB: 4%
Other Urban: 30%
Rural: 3%

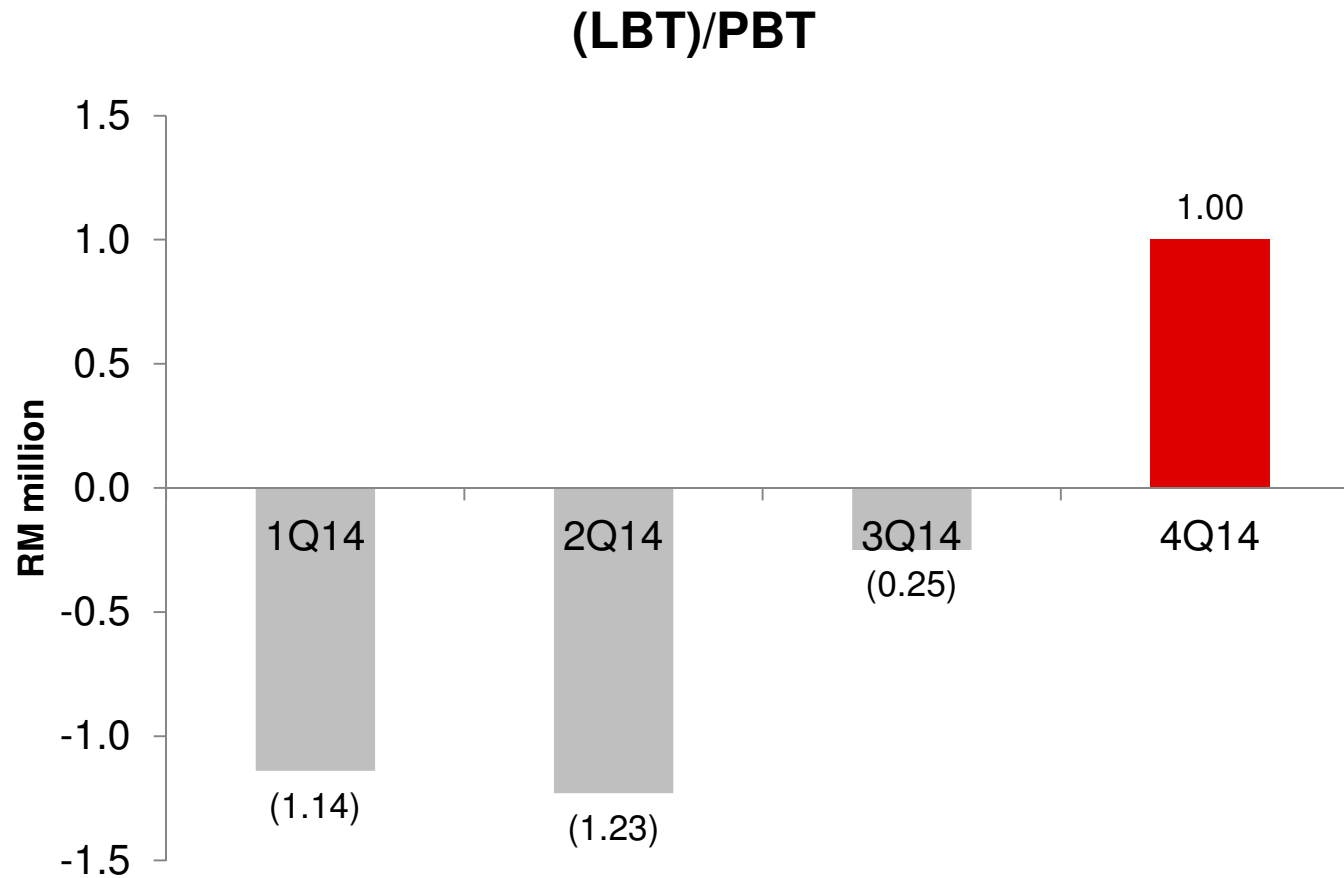
PMEB: 30%
OWC: 27%
Students: 14%
Blue Collar: 12%
Homemaker: 10%
Unemployed/Retirees: 7%

Male: 56%
Female: 44%

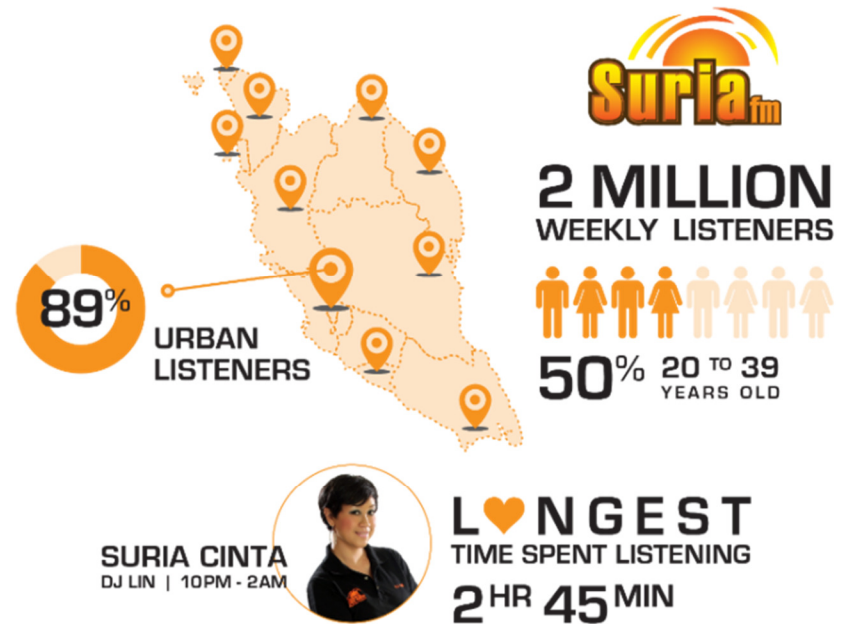
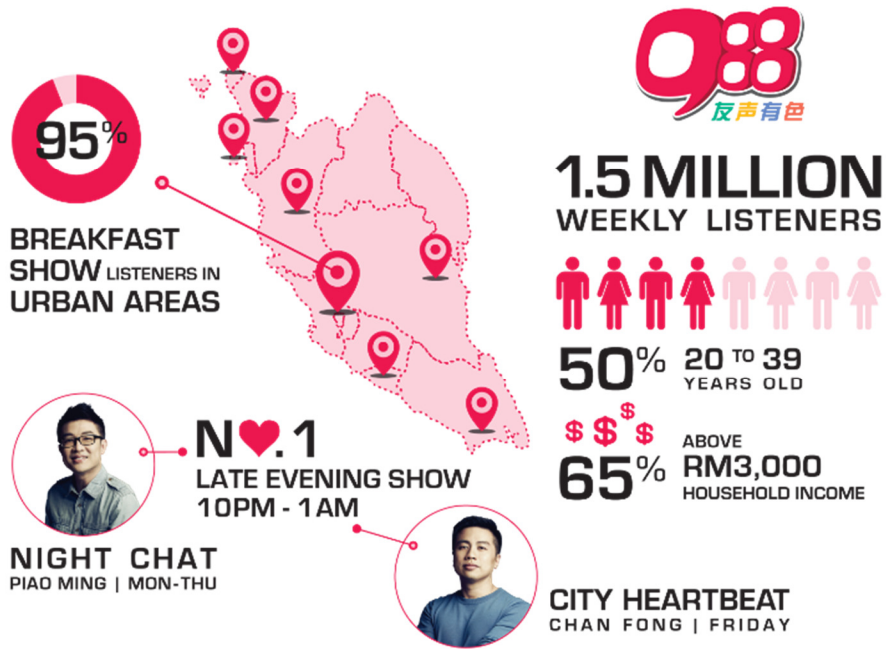
HI RM1 – RM1k: 1%
HI RM1,001 – RM2k: 10%
HI RM2,001 – RM3k: 15%
HI RM3,001 – RM4k: 12%
HI RM4,001 – RM5k: 14%
HI RM5,001 – RM6k: 12%
HI RM6,001 – RM7k: 8%
HI RM7,001 – RM8k: 7%
HI over RM8k: 21%

Source: Nielsen

Radio - Turnaround

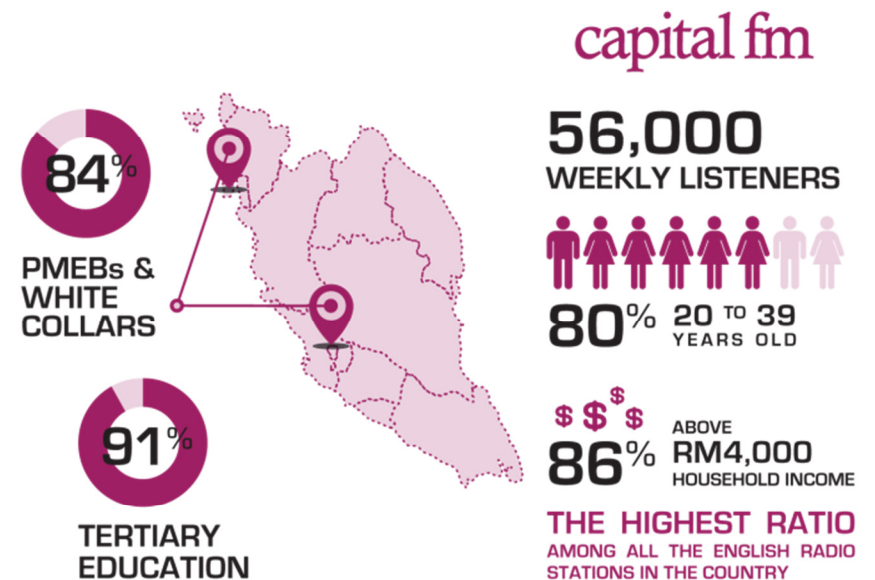
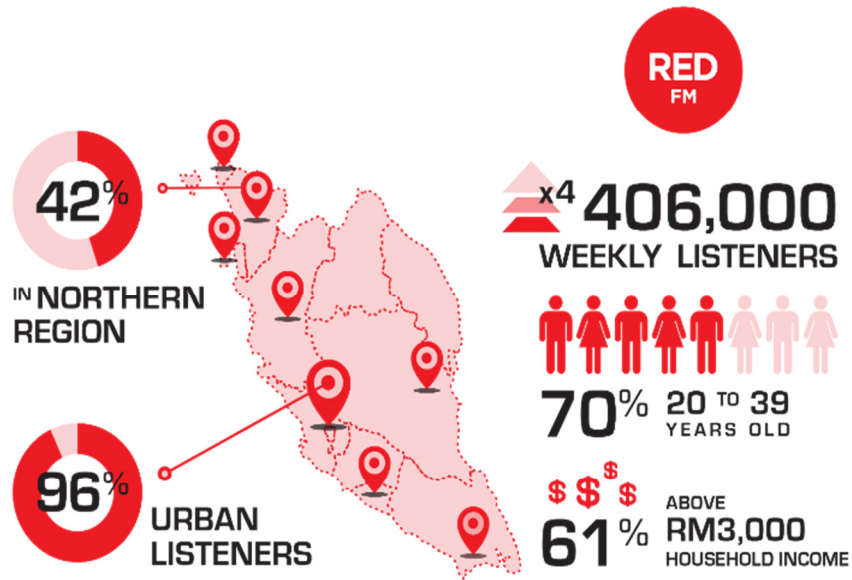


Radio - Growing listenership



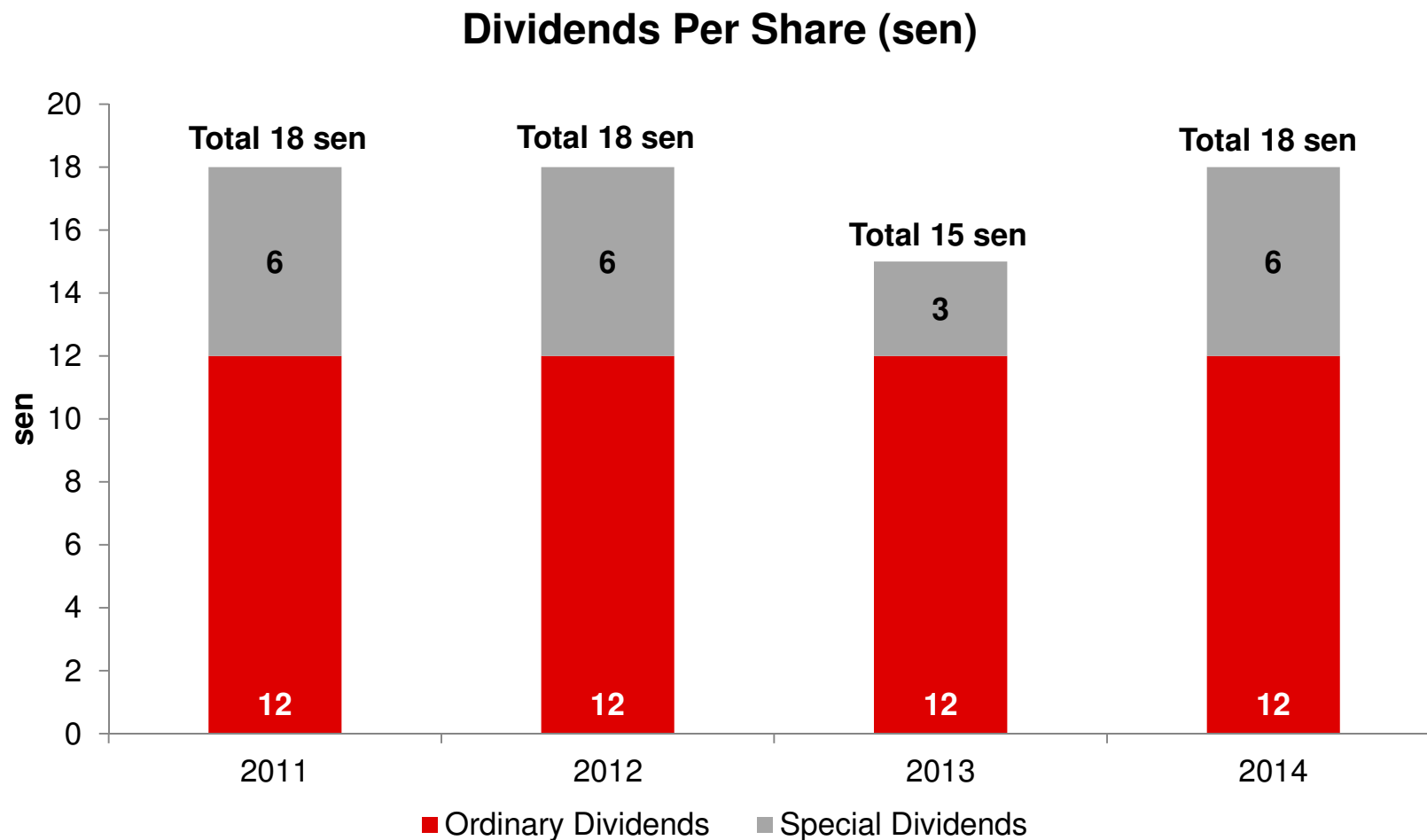
Source GfK Radio Audience Measurement (Mid Aug - end Sept' 14)

Radio- Growing listenership



Source GfK Radio Audience Measurement (Mid Aug - end Sept' 14)

Attractive and consistent payouts



	2011	2012	2013	2014
Media 1	16 sen	13 sen	14 sen	11 sen

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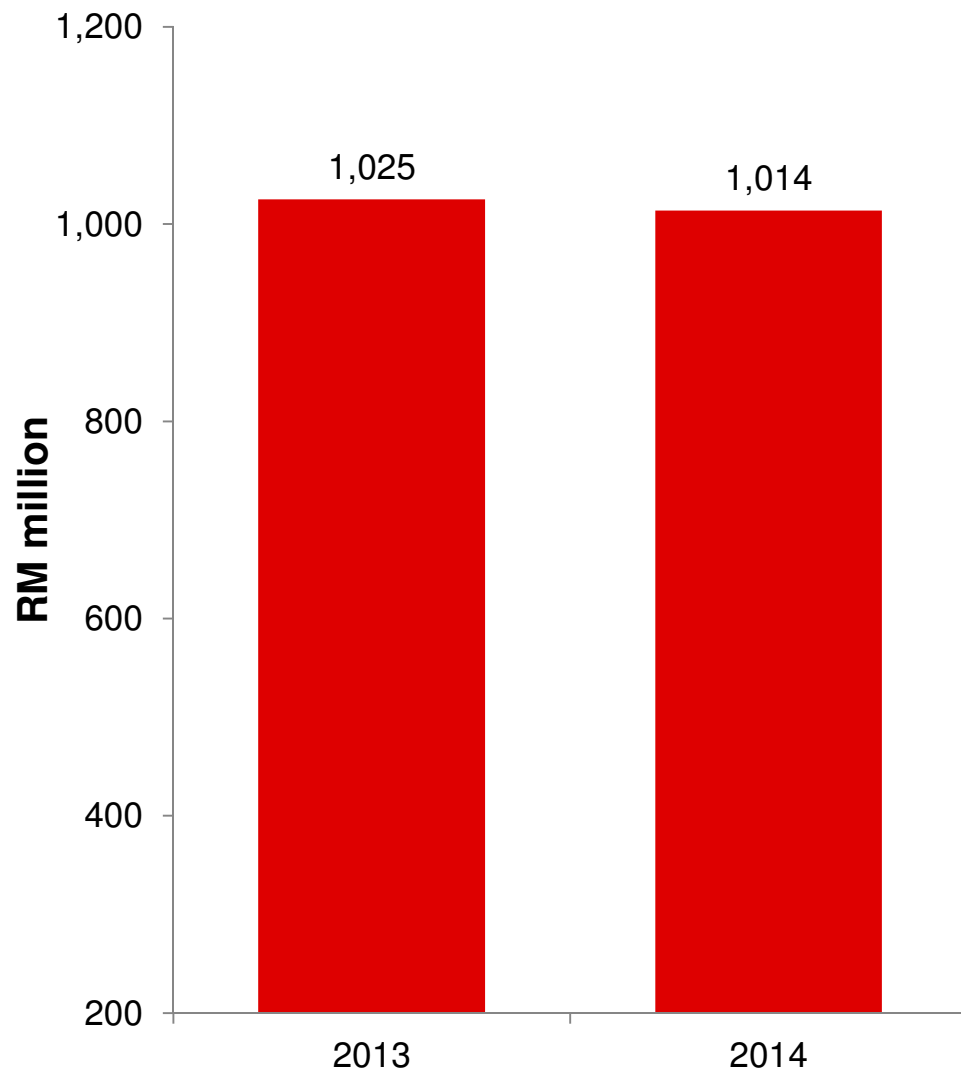
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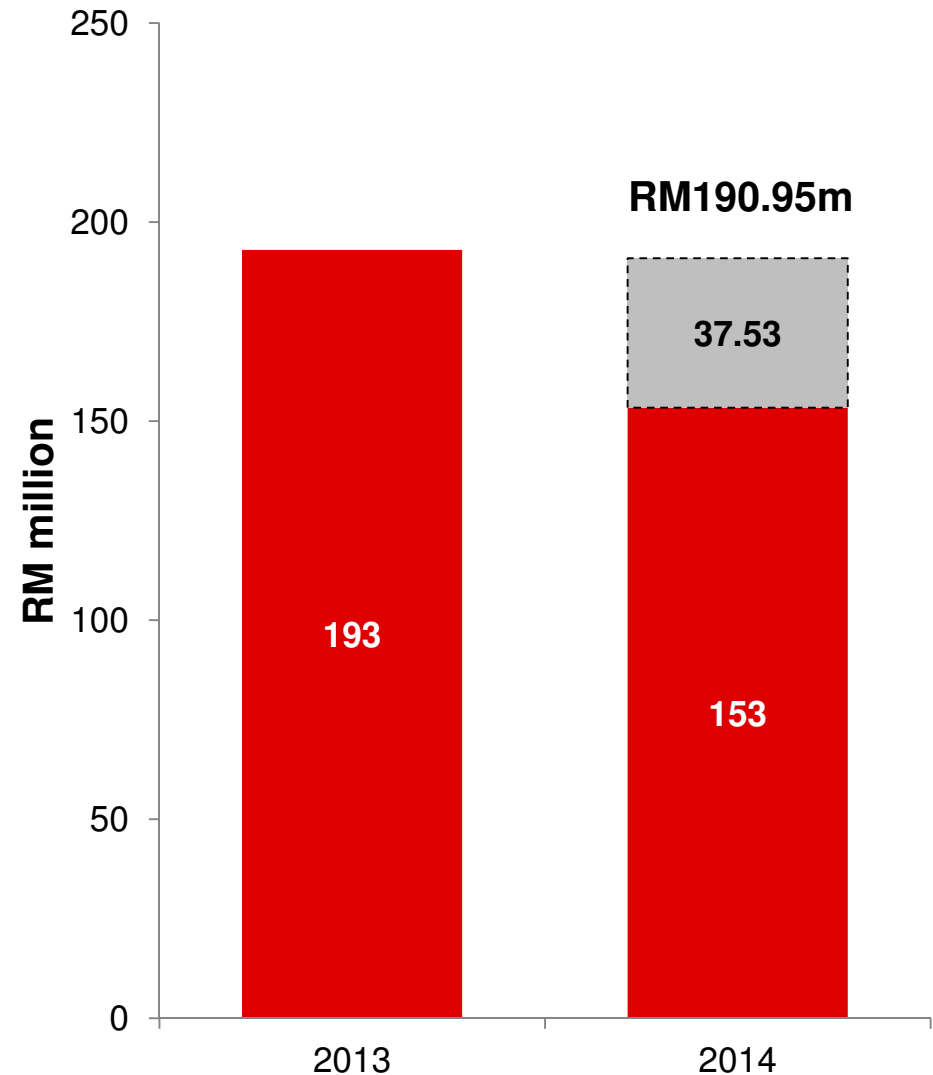
Media
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12 months highlights 2014

Revenue



PBT



**Lower ad spend, VSS expenses & impairment losses
pared down bottom line**

Performance of The Star Media Group

(RM million)	1Q14	2Q14	3Q14	4Q14	12M14	12M13	Var.
Revenue	211.14	274.52	247.19	280.89	1,013.74	1,025.33	(1.1)%
EBITDA	30.23	59.43	51.32	39.82	180.80	223.24	(19.0)%
PBT	21.65	52.78	46.69	32.30	153.42	192.59	(20.3)%
VSS Expenses	9.58	1.92	-	-	11.50	-	100%
Impairment Expenses				26.03	26.03		100%
Adjusted PBT (excluding VSS & Impairment)	31.23	54.70	46.69	58.33	190.95	192.59	(0.8)%
EBITDA Margin	14.3%	21.6%	20.8%	14.2%	17.8%	21.8%	
PBT Margin	10.3%	19.2%	18.9%	11.5%	15.1%	18.8%	
Adjusted PBT Margin	14.8%	19.9%	18.9%	20.8%	18.8%	18.8%	

Adjusted PBT margin maintained despite lower revenue

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4Q14 Business Segments

1.

- **Print and Digital**

2.

- Event, Exhibition, Interior and Thematic

3.

- TV Channel

4.

- Radio

Performance of Star Publications (M) Bhd

Print and Digital Segment

(RM million)	1Q14	2Q14	3Q14	4Q14	12M14	12M13	Var.
Revenue	163.17	193.44	169.71	180.15	706.47	751.15	(5.9)%
EBITDA	31.20	52.74	46.58	52.02	182.54	216.77	(15.8)%
PBT	24.94	48.00	44.38	45.50	162.82	192.34	(15.3)%
VSS Expenses	9.58	1.92	-	-	11.50	-	100%
Impairment Expenses	-	-	-	5.75	5.75	-	100%
Adjusted PBT <i>(excluding VSS/impairment)</i>	34.52	49.92	44.38	51.25	180.07	192.34	(6.4)%
EBITDA Margin	19.1%	27.3%	27.4%	28.9%	25.8%	28.9%	
PBT Margin	15.3%	24.8%	26.2%	25.3%	23.0%	25.6%	
Adjusted PBT Margin	21.2%	25.8%	26.2%	28.4%	25.5%	25.6%	

Lower adex, VSS expenses & impairment losses

4Q14 Business Segments

1.

- Print and Digital

2.

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

3.

- TV Channel

4.

- Radio

Performance of I.Star Ideas Factory

Perfect Livin'

(RM million)	1Q14	2Q14	3Q14	4Q14	12M14	12M13	Var.
Revenue	2.21	13.18	8.51	4.79	28.69	24.31	18.0%
EBITDA/ LBITDA	(0.38)	6.75	4.40	0.17	10.94	8.41	30.1%
PBT/LBT	(0.35)	6.48	4.30	0.08	10.51	7.54	39.4%
<i>EBITDA/LBITDA Margin</i>	(17.2)%	51.2%	51.7%	3.5%	38.1%	34.6%	
<i>PBT Margin</i>	(15.8)%	49.2%	50.5%	1.7%	36.6%	31.0%	

perfect livin' '14

**Y-o-Y increase in PBT margins; Additional shows;
Bulk of the events held between Q2-Q3**

Performance of Cityneon Holdings Limited

Cityneon

(SG million)	1Q14	2Q14	3Q14	4Q14	12M14	12M13	Var.
Revenue	10.94	19.38	19.27	28.43	78.02	67.78	+15.1%
EBITDA	0.27	0.11	0.16	2.55	3.09	1.52	>100.0%
PBT/(LBT)	0.09	0.02	(0.06)	2.46	2.51	0.85	>100.0%
<i>EBITDA Margin</i>	2.5%	0.6%	0.8%	9.0%	4.0%	2.2%	
<i>PBT/(LBT) Margin</i>	0.8%	0.1%	(0.3)%	8.7%	3.2%	1.3%	

Y-o-Y PBT improvement due to financial discipline & completion of projects Q-o-Q

4Q14 Business Segments

1.

- Print and Digital

2.

- Event, Exhibition, Interior and Thematic

3.

- **TV Channel**

4.

- Radio

Performance of Li TV Holdings Limited

Li TV

(USD million)	1Q14	2Q14	3Q14	4Q14	12M14	12M13	Var.
Revenue	0.82	0.73	0.75	0.87	3.17	3.11	1.9%
LBITDA	(0.37)	(0.48)	(0.54)	(0.49)	(1.88)	(1.90)	1.1%
LBT	(0.40)	(0.51)	(0.53)	(0.52)	(1.96)	(1.98)	1.0%
<i>LBITDA Margin</i>	<i>(45.1)%</i>	<i>(65.8)%</i>	<i>(72.0)%</i>	<i>(56.3)%</i>	<i>(59.3)%</i>	<i>(61.1)%</i>	
<i>LBT Margin</i>	<i>(48.8)%</i>	<i>(69.9)%</i>	<i>(70.7)%</i>	<i>(59.8)%</i>	<i>(61.8)%</i>	<i>(63.7)%</i>	



Revenue affected by aviation tragedies

4Q14 Business Segments

1.

- Print and Digital

2.

- Event, Exhibition, Interior and Thematic

3.

- TV Channel

4.

- **Radio**

Performance of Radio Operations

Star Radio Group

(RM million)	1Q14	2Q14	3Q14	4Q14	12M14	12M13	Var.
Revenue	12.08	13.03	13.38	12.88	51.37	55.42	(7.3)%
EBITDA	0.71	0.38	1.49	2.05	4.63	4.96	(6.7)%
PBT/LBT	(1.14)	(1.23)	(0.25)	1.00	(1.62)	0.16	(>100.0)%
EBITDA Margin	5.9%	2.9%	11.1%	15.9%	9.0%	8.9%	
PBT/LBT Margin	(9.4)%	(9.4)%	(1.9)%	7.8%	(3.2)%	0.3%	

(after inter company transaction eliminations)



Lower adex affected bottom line

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Q4 highlights

1.

- Declared second interim dividend of 6.0 sen and special dividend of 3.0 sen

2.

- Impairment of goodwill, receivables, film rights & Capital FM radio license

3.

- Rationalisation of non-performing assets:
 - Disposal of Shanghai in Nov'14, discontinuation of Faces at end Sept'14 and disposal of Red Tomato in Dec'14
 - Scaling down of Star Sarawak

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Media landscape outlook 2015

1.

- Adex expected to be weak in 1H15 as advertisers hold back spending ahead of implementation of GST

2.

- Expected acceptance of GST in 2H15; Adex expected to normalise barring unforeseen circumstances

3.

- Digital adex expected to grow but more fragmented

Strategies Update

1.

Print

- Strengthen print by continued financial discipline
- Strategic alliance with local media

2.

Digital

- Grow online business & strengthen online sales capabilities
- Property classifieds as a specialised business

3.

Radio

- Invest in top content and talent

4.

Events & Exhibitions

- Strengthen market position for perfect livin'
- Expansion into other markets both locally and abroad including emerging markets for Cityneon

5.

New revenue stream

- Transit advertising

Strategies Update

6.

Continuous financial discipline

- Cost control measures and efficiency improvement

THANK
YOU