STAR MEDIA GROUP

Read. Listen. Watch. Think. Be Inspired

Analyst Briefing
Friday, 4 March 2016

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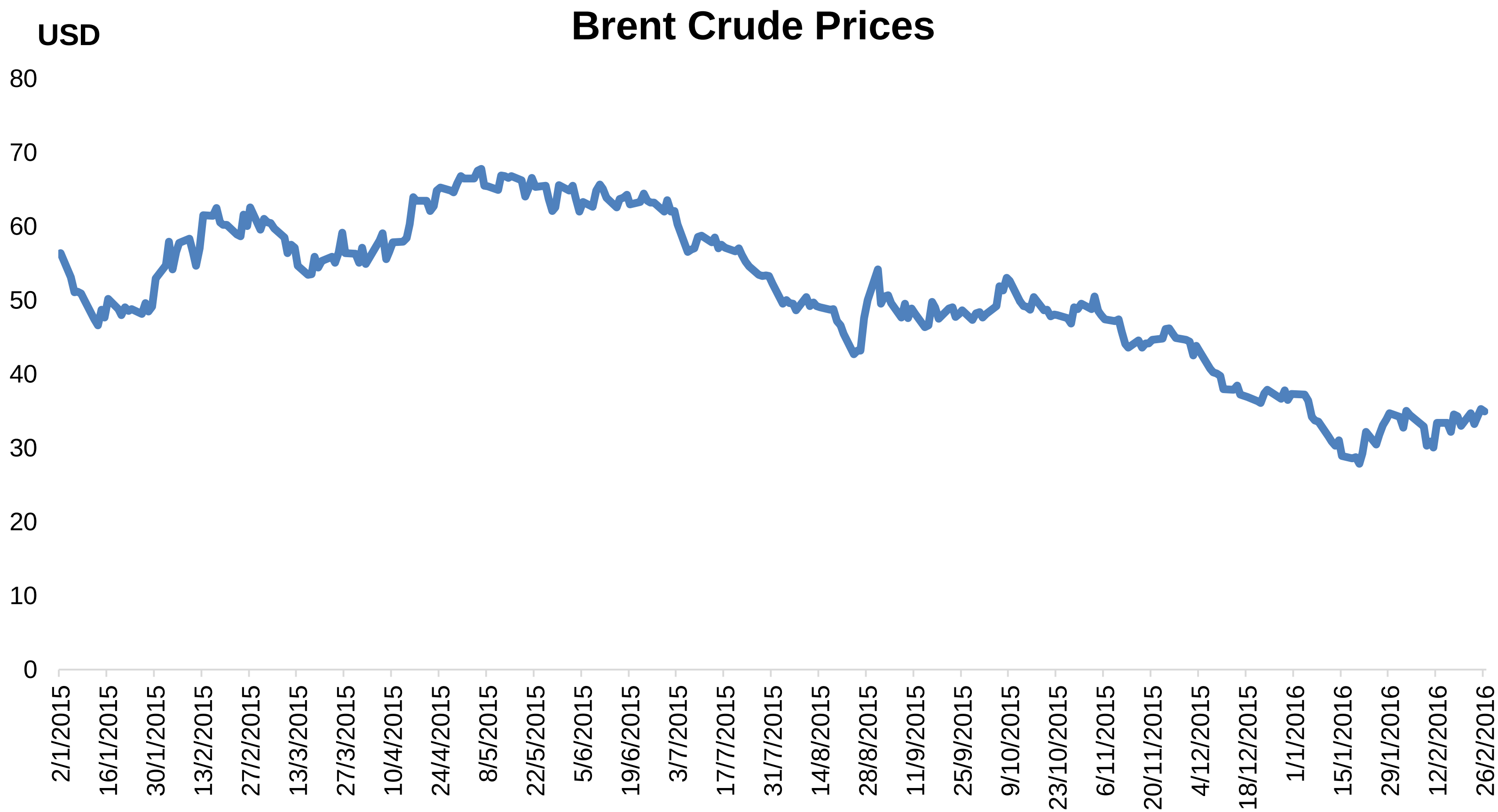
Agenda

1. 2015 Highlights
2. Quarter 4 2015 Group Financials
3. Business Segments financials
4. Updates Outlook & Strategy

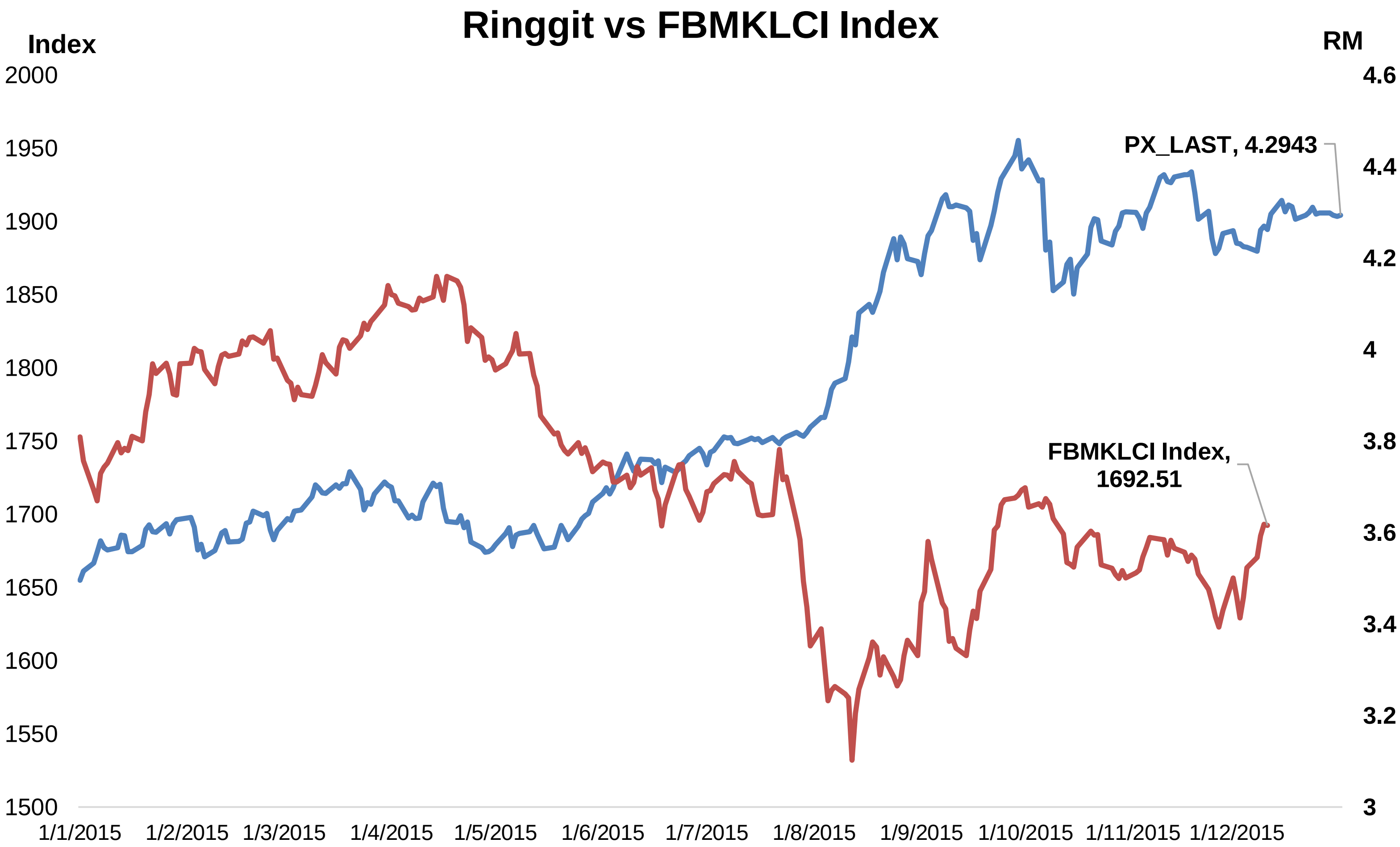
Highlights: Oil prices



Source: Bloomberg data

Drop in crude oil prices affected Malaysia's economy
Budget needed to be revised

Highlights: Ringgit performance 2015



MYR against USD

Jan 2015 : RM3.49

Dec 2015 : RM4.29

FBMKLCI index

Jan 2015: 1752.77

Dec 2015: 1692.51

Source: Bloomberg data

Ringgit declined 22.97%; FBMKLCI Index declined 3.4%

Highlights: Consumer sentiment

Source: MIER website

CONFIDENCE HITS A NEW LOW

- CSI dips to a record-low of 63.8
- Present finances worsen
- Jobs and incomes to deteriorate further
- Growing fears of higher prices
- Consumers to watch their spending

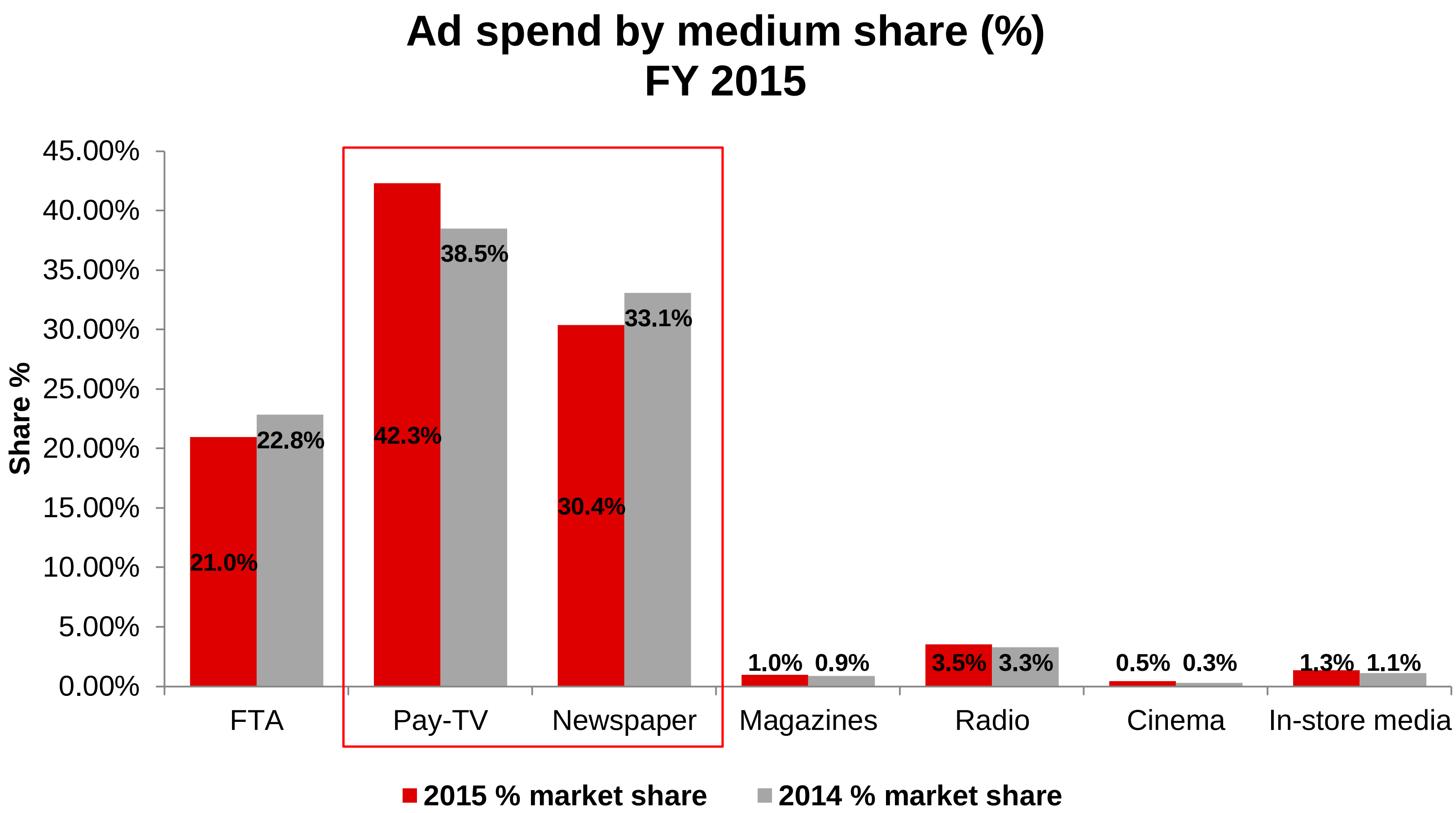
MIER reported consumer sentiment at record low

Highlights: Other factors in 2015

- Political uncertainties
- Bersih 4 movement & Red Shirt Rally
- Budget to be revised (tabled on 28 Jan 2016)
- Higher cost of living - increase in toll rate (Oct 2015)

Negative factors which dampened economic conditions

Highlights: Adex falls in 2015

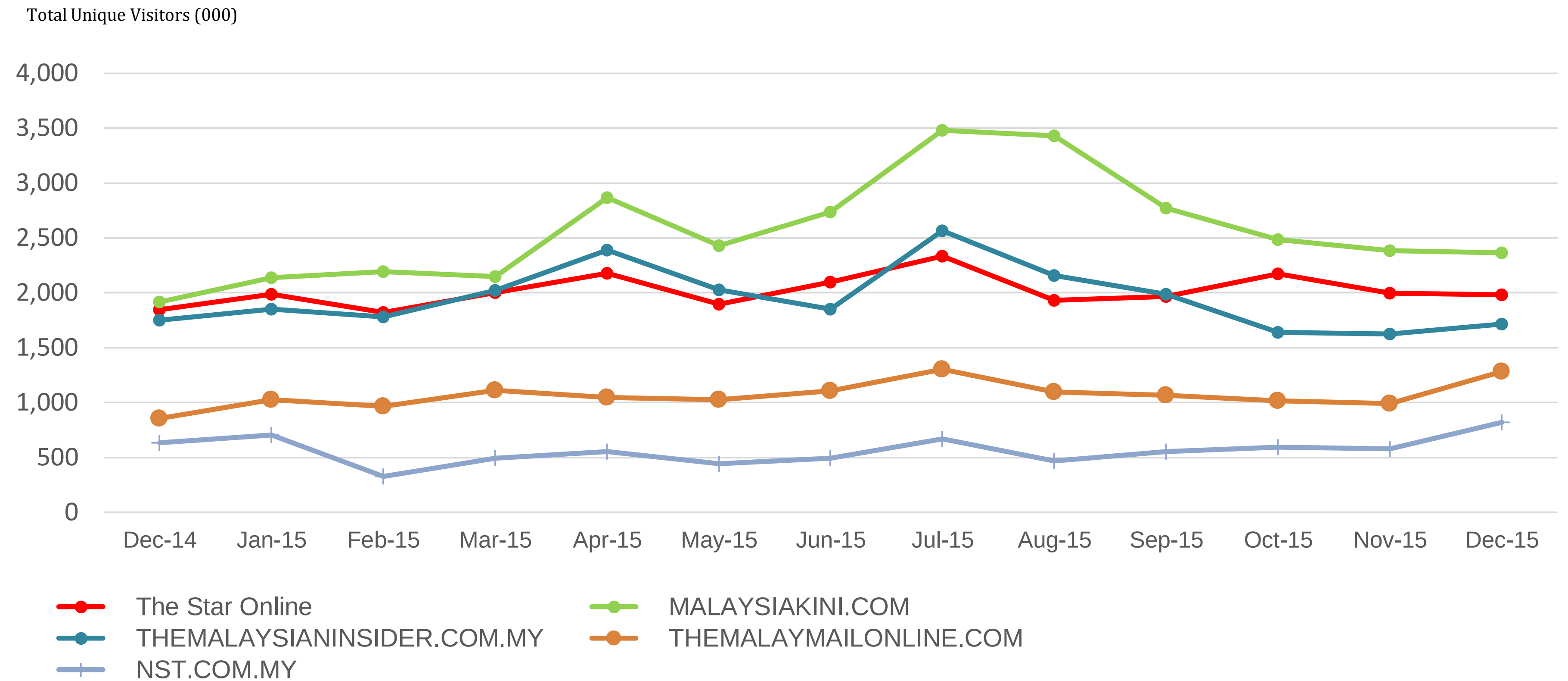


Source: Nielsen AIS. Numbers have not taken into consideration the discounting factor

Total adex for 2015 fell 3% to RM13.63 bn compared to 2014 of RM14.06 bn
Pay-TV and print media remains core spending for advertisers

Star Online Performance Dec '14 - Dec '15

English News Portals Performance Dec'14-Dec'15 (Combined PC & Mobile)



The Star Online UV ('000)

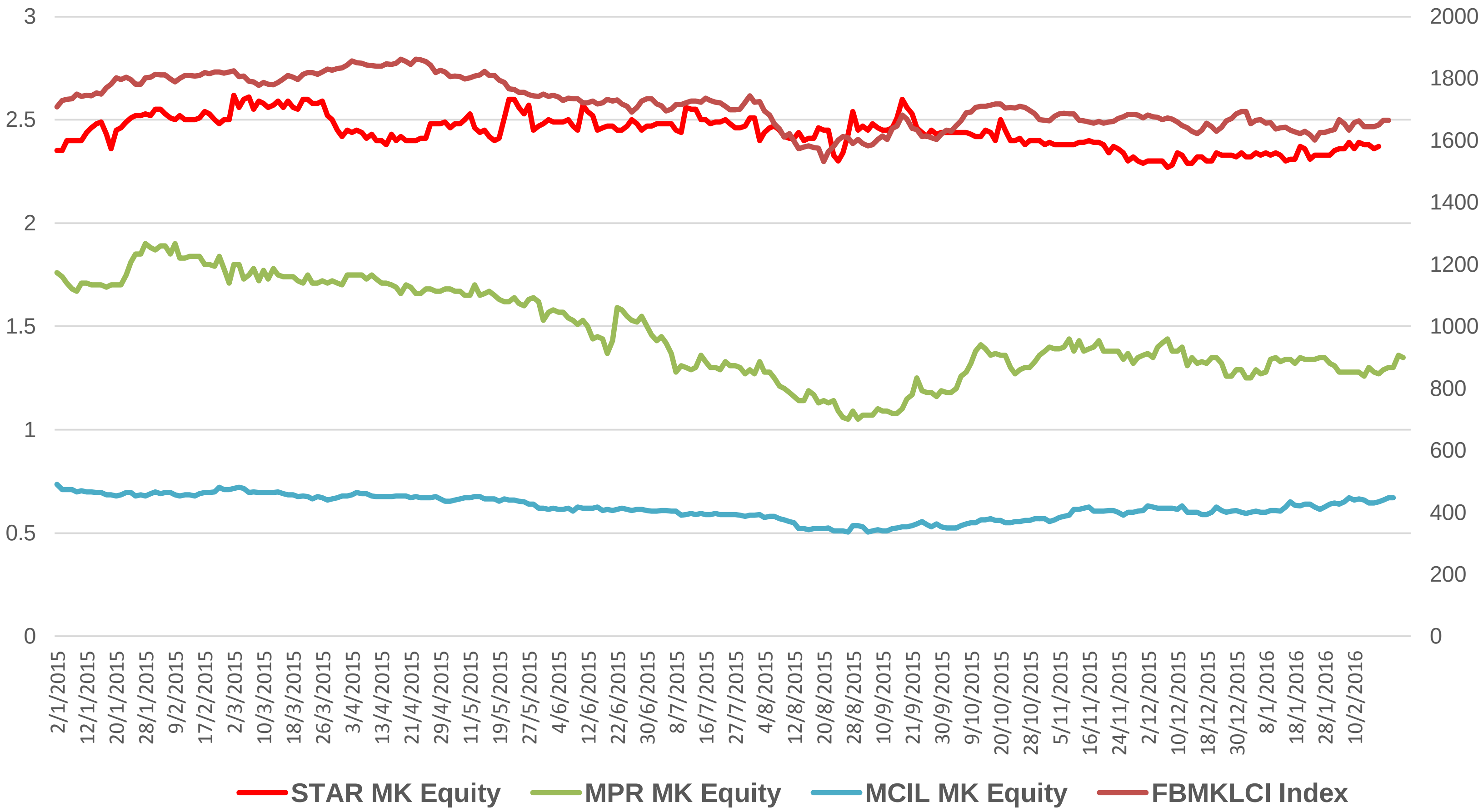
Dec'14	Jan'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15	Jul'15	Aug'15	Sept'15	Oct'15	Nov'15	Dec'15
1,844	1,988	1,821	2,004	2,180	1,895	2,099	2,336	1,930	1,967	2,174	1,997	1,982

- **The Star Online** is in 2nd position after Malaysiakini.

Source: comScore Media Metrix / Mobile Metrix

Highlights: How did Star fare?

Media Companies vs KLCI -2015 Performance



Star declined 0.004%

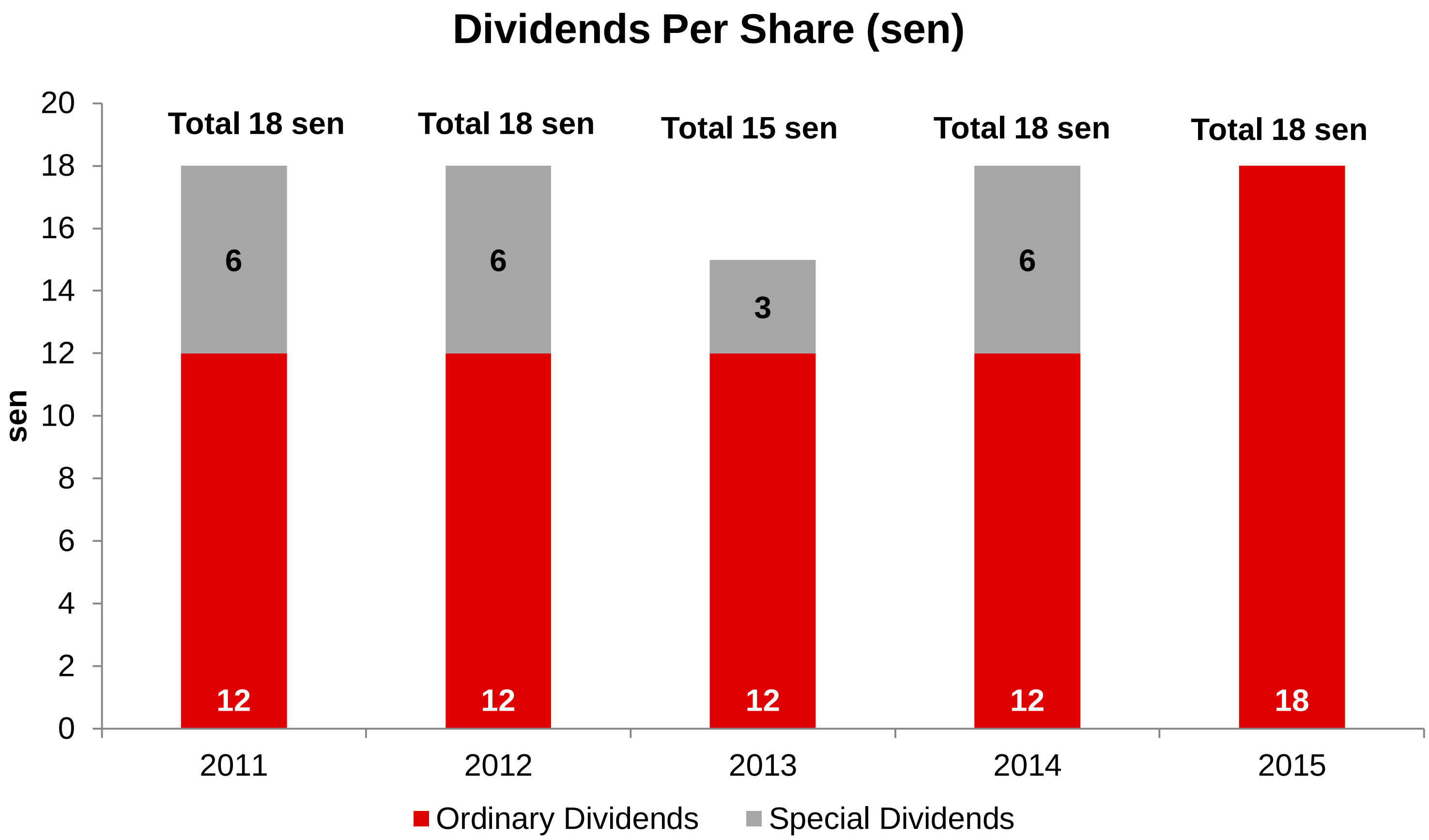
MPR declined 27.8%

MCIL declined 17.6%

Source: Bloomberg data

Star's share price stable vs other media companies and KLCI
Star price in Jan @RM2.35. Star price in Dec@RM2.34

Highlights: High payout maintained



	2011	2012	2013	2014	2015
Media 1	16 sen	13 sen	14 sen	11 sen	10 sen

Group is stable

Stronger-than-expected results

Cost control & Prudent management

Strengthening all media platforms

- *Ramped up bundled offerings, creative buys*
- *Successful AIM which met the needs of advertisers*
- *Aggressive enhancement of online and video content*

Investments in strategic businesses

- *Cityneon through VHE*
- *100% stake in LiTV*

Stable earnings and maintained dividend payout

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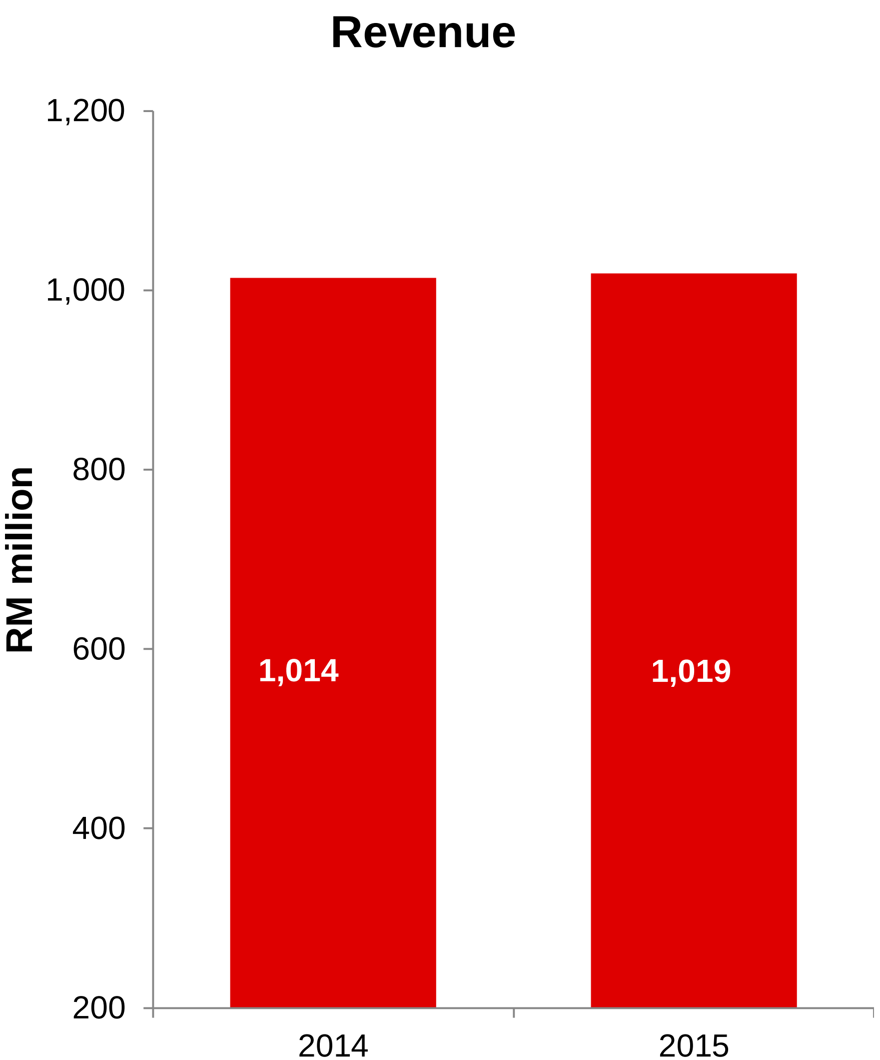
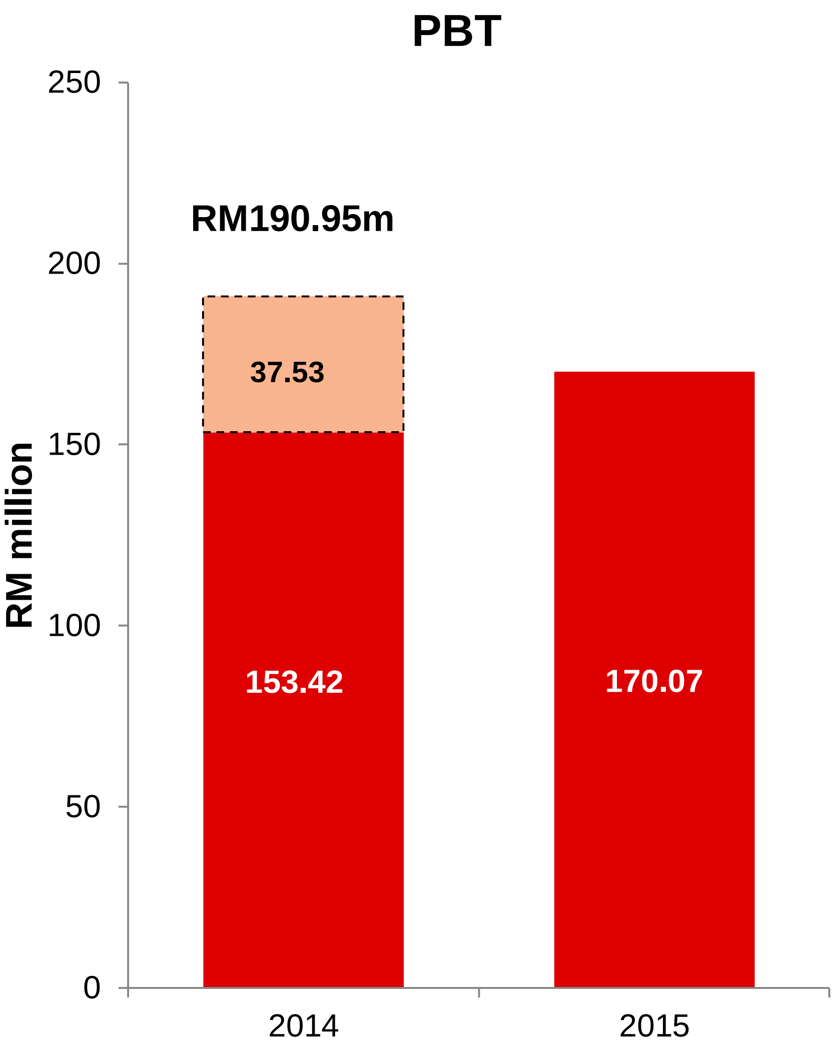
Commendable performance in weak market





Slightly higher revenue in 2015;
Higher PBT after factoring in VSS & impairment expenses in 2014

Performance of Star Media Group Berhad

(RM million)	1Q15	2Q15	3Q15	4Q15	12M15	12M14	Var.
Revenue	217.43	266.31	254.51	280.77	1,019.02	1,013.74	0.5%
EBITDA	41.03	48.09	34.86	59.38	183.36	180.80	1.4%
PBT	37.60	42.93	29.20	60.34	170.07	153.42	10.9%
VSS Expenses	-	-	-	-	-	11.50	(100)%
Impairment Expenses	-	-	-	-	-	26.03	(100)%
Adjusted PBT (*excluding VSS*)	37.60	42.93	29.20	60.34	170.07	190.95	(10.9)%
EBITDA Margin	*18.9%*	*18.1%*	*13.7%*	*21.1%*	18.0%	*17.8%*	
PBT Margin	*17.3%*	*16.1%*	*11.5%*	*21.5%*	16.7%	*15.1%*	
Adjusted PBT Margin	*17.3%*	*16.1%*	*11.5%*	*21.5%*	16.7%	*18.8%*	

Group revenue was maintained in tough market & prudent cost management
Profits increased in 2015. (2014 - VSS & impairment expenses)

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4Q15 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

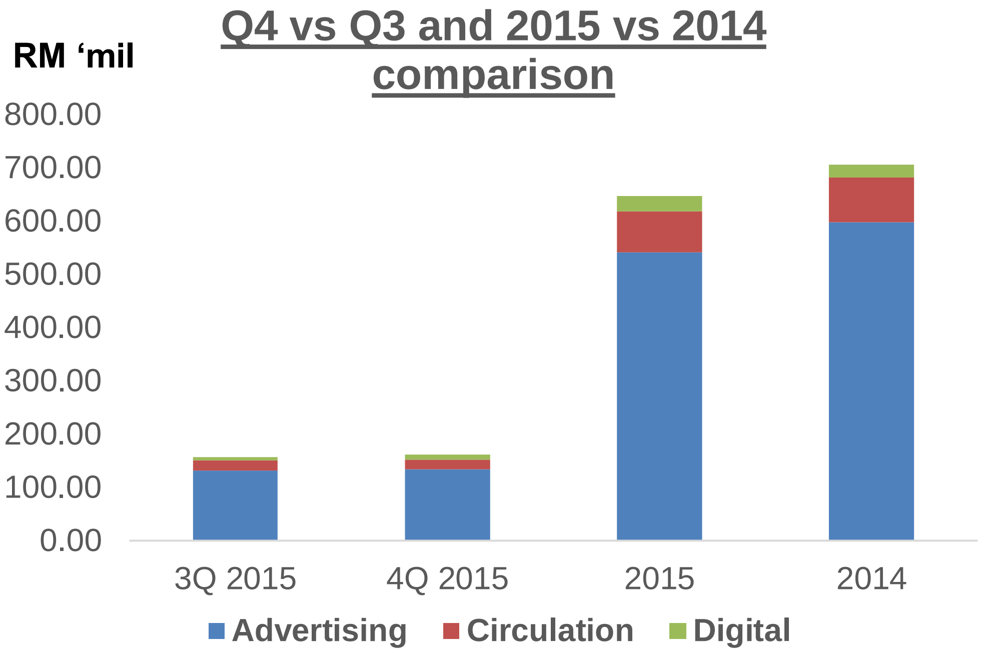
(RM million)	1Q15	2Q15	3Q15	4Q15	12M15	12M14	Var.
Revenue	162.60	164.98	157.24	161.88	646.70	706.47	(8.5)%
EBITDA	45.51	45.41	40.34	47.97	179.23	182.54	(1.8)%
PBT	44.44	39.79	35.95	51.70	171.88	162.82	5.6%
VSS Expenses	-	-	-	-	-	11.50	(100)%
Impairment Expenses	-	-	-	-	-	5.75	(100)%
Adjusted PBT (excluding VSS/impairment)	44.44	39.79	35.95	51.70	171.88	180.07	(4.5)%
EBITDA Margin	*28.0%*	*27.5%*	*25.7%*	*29.6%*	*27.7%*	*25.8%*	
PBT Margin	*27.3%*	*24.1%*	*22.9%*	*31.9%*	*26.6%*	*23.0%*	
Adjusted PBT Margin	*27.3%*	*24.1%*	*22.9%*	*31.9%*	*26.6%*	*25.5%*	

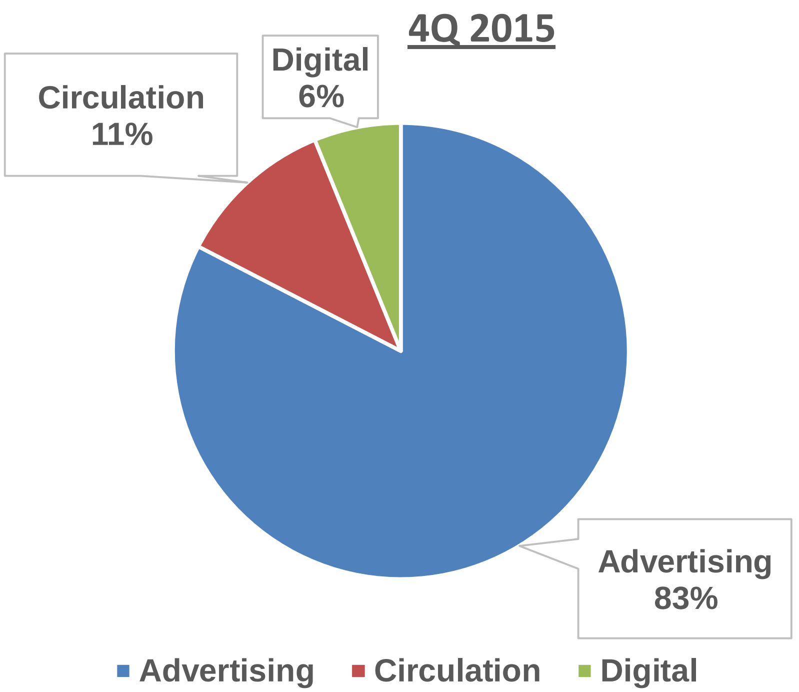
Costs were tightly controlled

Breakdown of Revenue

Q-on-Q comparison

4Q 2015 Rev – RM161.88m vs RM157.24m in 3Q15





Revenue in 4Q improved slightly against 3Q.
Overall for 2015, lower revenue due to poor consumer sentiment from the weakening ringgit and slow down in the economy

4Q15 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)	1Q15	2Q15	3Q15	4Q15	12M15	12M14	Var.
Revenue	3.47	7.93	1.31	*10.55*	*23.26*	28.69	(18.9)%
EBITDA/ (LBITDA)	(0.55)	2.36	(0.36)	*4.15*	*5.60*	10.94	(48.8)%
PBT/(LBT)	(0.57)	2.33	(0.37)	*4.15*	*5.54*	10.51	(47.3)%
EBITDA/ (LBITDA) Margin	(15.9)%	*29.8%*	*(27.5)%*	*39.3%*	*24.1%*	*38.1%*	
PBT/(LBT) Margin	(16.4)%	*29.4%*	*(28.2)%*	*39.3%*	*23.8%*	*36.6%*	

Poor consumer sentiment : Post GST affected the local retail market

Performance of Cityneon Holdings Limited

(SGD million)	1Q15	2Q15	3Q15	4Q15	12M15	12M14	Var.
Revenue	12.95	27.74	23.85	31.95	96.49	78.02	23.7%
EBITDA/ (LBITDA)	(1.49)	1.15	(0.58)	3.15	2.23	3.09	(27.8)%
PBT/(LBT)	(1.64)	0.91	(1.04)	2.56	0.79	2.51	(68.5)%
EBITDA/ (LBITDA) Margin	*(11.5)%*	*4.1%*	*(2.4)%*	*9.9%*	*2.3%*	*4.0%*	
PBT/(LBT) Margin	*(12.7)%*	*3.3%*	*(4.4)%*	*8.0%*	*0.8%*	*3.2%*	

Higher revenue but lower gross profit margin and VHE acquisition costs

4Q15 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)	1Q15	2Q15	3Q15	4Q15	12M15	12M14	Var.
Revenue	0.78	0.60	0.80	0.87	3.05	3.17	(3.8)%
(LBITDA)	(0.45)	(0.50)	(0.45)	(0.53)	(1.93)	(1.88)	(2.7)%
(LBT)	(0.44)	(0.52)	(0.50)	(0.56)	(2.02)	(1.96)	(3.1)%
(LBITDA) Margin	*(57.7)%*	*(83.3)%*	*(56.3)%*	*(60.9)%*	*(63.3)%*	*(59.3)%*	
(LBT) Margin	*(56.4)%*	*(86.7)%*	*(62.5)%*	*(64.4)%*	*(66.2)%*	*(61.8)%*	

4Q15 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)	1Q15	2Q15	3Q15	4Q15	12M15	12M14	Var.
Revenue	11.80	12.29	12.84	11.65	48.58	51.37	(5.4)%
EBITDA/(LBITDA)	1.10	(0.33)	(0.01)	(0.88)	(0.12)	4.63	(102.6)%
PBT/(LBT) (excluding impairment)	0.77	(0.54)	(0.44)	(0.83)	(1.04)	(1.62)	82.6%
EBITDA/ (LBITDA) Margin	*9.3%*	*(2.7)%*	*(0.1)%*	*(7.6)%*	*(0.2)%*	*9.0%*	
PBT/(LBT) Margin	*6.5%*	*(4.4)%*	*(3.4)%*	*(7.1)%*	*(2.1)%*	*(3.2)%*	

(after inter company transaction eliminations)

Lower revenue due to poor consumer sentiments and economic uncertainty

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Updates

RED & Capital FM

- Stations are on auto play while management decide the next course of action
- Considering restructuring, revamping and/or disposal

Updates

Cityneon

Marvel:
- Treasure Island Las Vegas (April 2016)
- Paris Esplanade La Defense (April-Sept 2016)

Transformer:
- Cityneon secured the exclusive global rights to bring Transformers experience in all markets outside Japan and the city Indianapolis, Indiana
- The rights to the Transformers franchise to last until 30 June 2023
- 1st exhibition in 2016 Las Vegas

2016 Outlook

Issues affecting consumer confidence

- Oil prices
- Higher electricity tariff beginning 2016; Higher flour prices; Revised excise duty on alcohol
- Uncertainty about TPPA
- Terrorism in Asia (Indonesia attack Jan 2016)
- Australia security alert for Malaysia (22 Feb 2016)

The year 2016 will certainly be a very challenging year for the Malaysian economy, as downside risks on the external front have increased, while global growth forecasts have been revised downwards by both the IMF and World Bank. Oil-exporting and commodity-dependent economies, encompassing both developing as well as developed countries, will be adversely affected not just by plunging commodity export prices, but also by rising borrowing costs and debt servicing charges, associated with higher interest rates and strengthening of the US dollar in the global financial market.
– MIER 27 January 2016

Strategic priorities for 1H 2016

1.	• Expanding digital platform e.g. Star TV, while continuing to strengthen print
2.	• Stepping up more bundled offerings and creative buys
3.	• Continuous look-out for M&A deals

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THANK YOU