

# **MEDIA PRIMA BERHAD**

**PROPOSED ACQUISITION OF ADDITIONAL 30% EQUITY  
INTEREST IN BIG TREE OUTDOOR SDN BHD (“BTO”)**

**CORPORATE UPDATE**

**12 JANUARY 2007**

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SECTION 1

**BACKGROUND OF OUTDOOR EXPANSION**

## BACKGROUND OF OUTDOOR EXPANSION - BTO

On 20 November 2006, MPB announced the proposed acquisition of a 70% equity stake in BTO with the following transaction structure:

Existing Shareholders	No. of shares held	% held	Purchase Consideration (RM'm)	Mode of Settlement
Navis	280,000	56	81.0	MPB Shares Cash
Minority s/holders	70,000	14	16.2	
	350,000	70	97.2	

38.57m new MPB shares to be issued to Navis at RM2.10 each, representing about 4.5% discount to 5-day VWAP prior to the SPA of about RM2.20

	RM million
Navis	81.0
Minority shareholders	16.2
<b>Purchase consideration</b>	<b>97.2</b>
Equity stake acquired	70%
<b>Enterprise value</b>	<b>138.9</b>
<b>EBITDA (RM'm)</b>	
<b>2005</b>	19.40
<b>2006 (E)</b>	21.50
<b>2007 (E)</b>	25.00
<b>PAT (RM'm)</b>	
<b>2005</b>	11.18
<b>2006 (E)</b>	13.00
<b>2007 (E)</b>	15.00
<b>EV / EBITDA (times)</b>	
<b>2005</b>	7.2
<b>2006 (E)</b>	6.5
<b>2007 (E)</b>	5.6
<b>PER (times)</b>	
<b>2005</b>	12.4
<b>2006 (E)</b>	10.7
<b>2007 (E)</b>	9.3

Company	Country	EV / EBITDA (times)	PER (times)
Seni Jaya	Malaysia	1.25	13.89
Lamar Advertising	US	16.11	149.36
Clear Channel	US	11.86	26.42
Roadshow	Hong Kong	5.45	26.92
Dahe	China	7.40	16.77
Average		8.41	46.67
<b>Big Tree Outdoor</b>	<b>Malaysia</b>	<b>6.46</b>	<b>10.68</b>

At below comparable market multiples

## BACKGROUND OF OUTDOOR EXPANSION – UPD & TRC

On 30 November 2006, MPB announced the proposed acquisition of a 100% equity stake in UPD Sdn Bhd (“UPD”) & The Right Channel Sdn Bhd (“TRC”) with the following transaction structure:

Company	No. of shares acquired	% acquired	Purchase Consideration (RM)
UPD	2,128,000	100	1.00
TRC	5,000,000	100	1.00
			<b>2.00</b>

As part of the transaction, UPD and TRC shall repay shareholder advances (owing to Utusan and NSTP respectively) over a period of 2 years capped at RM11m and RM3.5m respectively

	UPD	TRC
Equity stake acquired (%)	100.00	100.00
<b>Purchase consideration (RM)</b>	<b>1.00</b>	<b>1.00</b>
Limit on the net liabilities position of each company (RM'm)	11.0	3.5
<b>Implied Enterprise Value</b>	<b>11.0</b>	<b>3.5</b>
<b>EBITDA (RM'm)</b>		
2007 (E)	5.0	1.0
<b>PAT (RM'm)</b>		
2007 (E)	3.0	0.7
<b>EV / EBITDA (times)</b>		
2007 (E)	2.2	3.5
<b>PER (times)</b>		
2007 (E)	3.7	5.0

**SECTION 2**

**PROPOSED ACQUISITION OF ADDITIONAL 30% STAKE IN BTO**

## PROPOSED ACQUISITION OF ADDITIONAL 30% STAKE IN BTO

On 12 January 2007, MPB announced the proposed acquisition of an additional 30% equity stake in BTO with the following transaction structure:

Vendor	No. of shares held	% held	Purchase Consideration (RM'm)	Mode of Settlement
EYE	150,000	30	43.39	Cash

The impact on the valuation parameters are as follows:

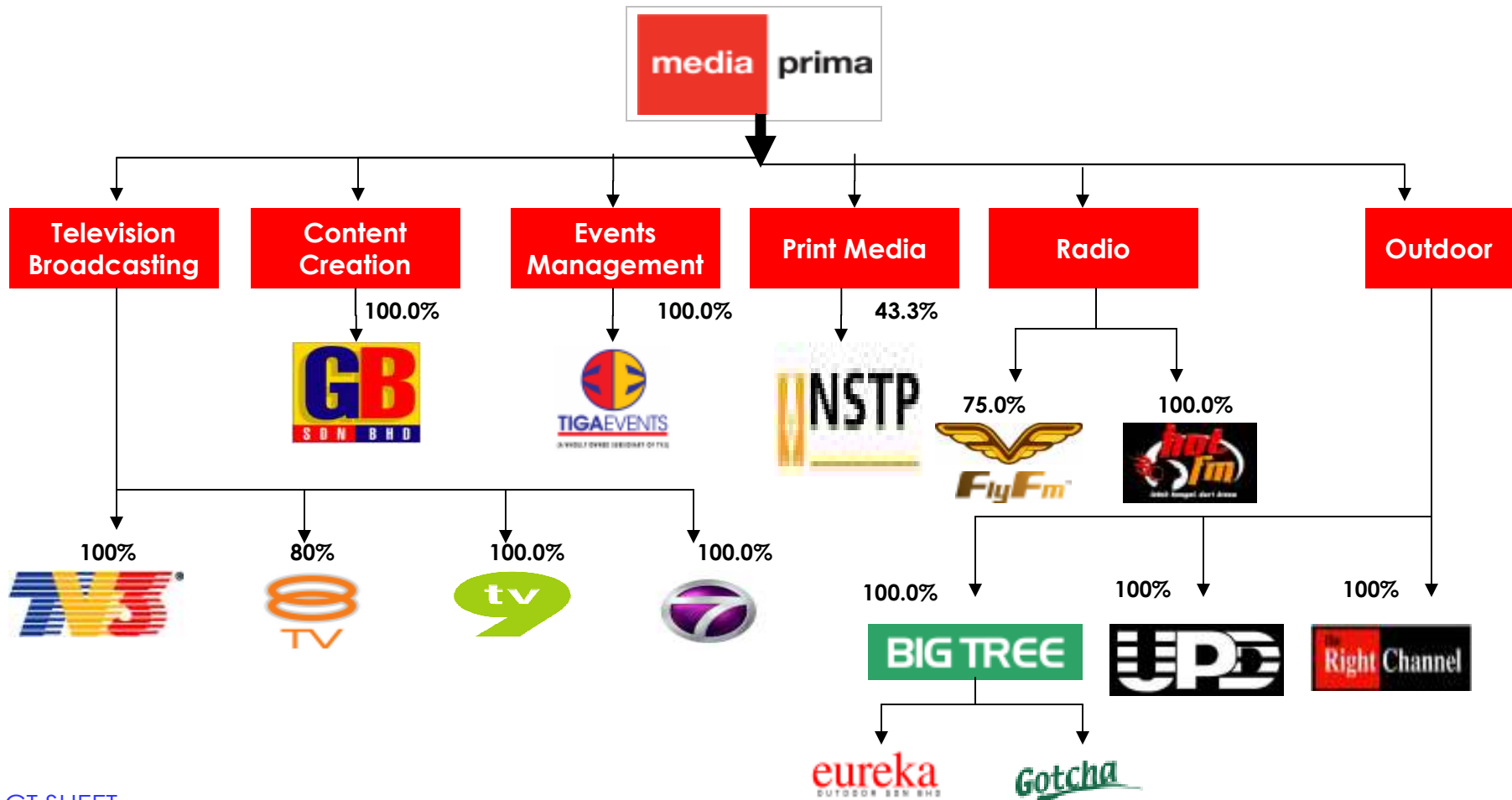
	RM million
Navis	81.0
SJ & CIMB	16.2
EYEO	43.4
<b>Purchase consideration</b>	<b>140.6</b>
Equity stake acquired	100%
<b>Enterprise value</b>	<b>140.6</b>
<b>EBITDA (RM'm)</b>	
2005	19.40
2006 (E)	21.50
2007 (E)	25.00
<b>PAT (RM'm)</b>	
2005	11.18
2006 (E)	13.00
2007 (E)	15.00
<b>EV / EBITDA (times)</b>	
2005	7.2
2006 (E)	6.5
2007 (E)	5.6
<b>PER (times)</b>	
2005	12.6
2006 (E)	10.8
2007 (E)	9.4

EV expected to be even lower in view of the availability of cash balances in BTO, given that no dividends were declared for 2006 to the existing shareholders pursuant to the share sale agreements

Remains at attractive prices



# MEDIA PRIMA GROUP STRUCTURE – POST CONSOLIDATION OF OUTDOOR



**FACT SHEET**

Share capital

Issued & paid-up share capital @ 31/12/06  
 ICULS balance @ 31/12/06  
 Warrants balance @ 31/12/06  
 ESOS balance @ 31/12/06  
 Shares to be issued for prop. acqn. of BTO  
 Enlarged s/c

= 763.9m  
 = 13.9m (3 for 2)  
 = 23.8m@RM1.10  
 = 24.0m  
 = 38.57m  
 = 859.5m

Extracts from Balance Sheet @ 30 September 2006

S/holders funds (incl. ICULS) = RM255.5m  
 Total assets = RM897.2m  
 Cash = RM93.0m  
 Group borrowings (excl. ICULS) = RM333.9m  
 PDS Ratings (RAM) = A1 for EB;  
 A1/P1 for MTN/ CP

**SECTION 3**  
**IMPACT ON EARNINGS**

The proposed acquisitions of BTO, UPD & TRC are value enhancing to MPB based on the estimates for 2007 as follows:-

Proforma Based on 2007 Estimates							
RM'million	BTO	UPD	TRC	Total <sup>**</sup> Outdoor	<sup>*</sup> MPB	Total Combined	% Outdoor of MPB
Revenue	65.0	13.0	3.0	81.0	575.0	656.0	14.1%
EBITDA	25.0	5.0	1.0	31.0	177.0	208.0	17.5%
PATAMI	15.0 <sup>***</sup>	3.0	0.7	18.7	95.0	113.7	19.7%

At a cost of share issue of about 5.0% based on issued and paid-up capital as at 31/12/2006 and market price of about RM2.40 per MPB share

**Notes:**

<sup>\*</sup> Based on analysts' forecasts

<sup>\*\*</sup> Numbers are based on full year 2007 estimates. Actual results to be consolidated to MPB group dependent on the actual date of completion of these acquisitions

<sup>\*\*\*</sup> Based on 100% share

The pro-forma EPS impact of the acquisition of BTO, UPD & TRC to MPB:

RM 'm	2006	2007		
	MPB	MPB	Total Outdoor	MPB Post Acqns
Forecast net profit *	60.67	95.00	18.70 <sup>***</sup>	113.70
No of shares - Existing** (m)	763.90	763.90	38.57	802.47
No of shares - Fully dilutive (m)	821.00	821.00	38.57	859.57
EPS - Existing (Sen)	7.94	12.44	1.73	14.17
EPS - Fully dilutive (Sen)	7.39	11.57	1.66	13.23

**Notes:**

\* Based on analysts' forecasts

\*\* Issued and paid-up capital as at 31 December 2006

\*\*\* Numbers are based on full year 2007 estimates. Actual results to be consolidated to MPB group dependent on the actual date of completion of these acquisitions

- The acquisition is expected to be earnings accretive to Media Prima, with the outdoor acquisitions forecasted to increase net profit by RM18.7<sup>\*\*\*</sup> million in 2007
- In 2007, EPS is expected to grow by about 13%-14% even with the issuance of Media Prima shares

SECTION 4  
RATIONALE

**Attractive price for EYE's 30% stake, similar to the price for the 56% vendor; yields favourable valuation parameters**

**Full 100% consolidation of BTO's future profits would enhance earnings of MPB Group**

**Full 100% consolidation of BTO's future cash flows retained within the MPB Group**

**100% stake would enable MPB to execute strategic and operational business plans for the outdoor outfit quicker and more effectively**



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**Note:**

The presentation may contain forward-looking statements which are based on MPB's current expectations, forecasts and assumptions based on management's good faith expectations and belief concerning future developments. In some cases forward-looking statements may be identified by forward-looking words like "would", "intend", "hope", "will", "may", "should", "expect", "anticipate", "believe", "estimate", "predict", "continue", or similar words. Forward-looking statements involve risks and uncertainties which could cause actual outcomes and results to differ materially from MPB's expectations, forecasts and assumptions. We caution that these forward-looking statements are not statements of historical facts and are subject to risks and uncertainties not in the control of MPB, including, without limitation, economic, competitive, governmental, regulatory, technological and other factors that may affect MPB's operations. Unless otherwise required by law, MPB disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Although we believe the expectations reflected in forward-looking statements are reasonable we cannot guarantee future results, levels of activity, performance or achievements.