

# Communications Fiji Ltd (CFM)

Brokers Briefing  
5<sup>th</sup> MAY 2011



# Disclaimer

- Although the information provided in this briefing is based upon facts and figures it believes to be true and accurate, we do not guarantee their accuracy, and any such information may be incomplete or condensed.
- All opinions and estimates included in this briefing constitute the company's judgment and are subject to change without notice.
- This information is for informational purposes only and is not intended for any other purposes.
- Investors should obtain individual financial advice based on their own particular circumstances.



# Overview

2010 a busy year across all profit centres.

## Fiji

- Radio advertising growth
- TEC Fiji revenue steady
- SMS down but picking up
- Launched CFL CinemADs
- Continued upgrade work of network.
- Decrease in company tax to 20%

## PNG

- Very strong radio advertising growth
- Improved SMS
- TEC PNG increase
- Completed move to new studios.

## Unwired Fiji

- Prior year revenue adjustment
- Highly competitive environment
- Currently reviewing further restructure options



# Company Background

General overview on the core business activity of the company:

- CFL (Fiji) - Launched 1985
  - Five radio stations, FM96, Navtarang, Viti FM, Legend FM and Radio Sargam
  - Key profit centres include the Total Event Company and New Media.
  
- PNG FM (100% subsidiary) - Launched 1994
  - Two radio stations, Nau FM and Yumi FM both market leaders
  - Total Event Company also active and SMS a growing profit centre
  - Paradise Cinemas 33.3% Ownership
  
- Other investments include Unwired Fiji (34.6%) and 231 Waimanu Rd Ltd (50%)



# Company Background *cont...*

## □ Board of Directors:

- Mr Hari Punja - Chairman
- Mr William Parkinson - Managing Director
- Mr Matthew Wilson
- Mrs Shaenaz Voss
- Mr Pramesh Sharma
- Mr Semi Leweniqila

## □ Major shareholders are:

- Hari Punja & Sons - 26.79%
- Parkinson Holdings - 26.16%
- Unit Trust of Fiji (TC) Ltd - 10.66%



# Market Overview

## FIJI

- Dominant player in the Fiji radio industry as confirmed by recent Tebbutt Media surveys.
- Note huge investment in Fiji Broadcasting Corporation Ltd. Entry into TV- still waiting.
- Re-organisation of Broadcast spectrum.
- Total Event Company growing events like Fiji Showcase but also increasing rental of equipment.
- New Media - resolved SMS revenue share issues
- CFL CinemADs to reach full potential in 2011.



# Market Overview *cont...*

## PAPUA NEW GUINEA

- Strong brands, good product and weak opposition
- Critical advantage over other forms of media restricted by literacy and infrastructural issues.
- Local management, able to keep costs down
- PNG advertising market growing rapidly seeing strong growth
- SMS revenue growth also very strong
- Opening up the Event Management market
- Paradise Cinemas opening mid 2011, will launch Cinema Advertising

## UNWIRED FIJI

- Highly competitive and low margin industry
- Investment in capital infrastructure means good capacity
- Fintel charges dropping



# Financial Performance

## Holding Company - Fiji 2010

- Enjoyed good radio revenue growth in 2010. Increased by 6% from 2009.
- SMS revenue down following dispute in 2<sup>nd</sup> quarter
- TEC: Revenue was steady
- CFL CinemADs: Launched in May delivered \$65,000 surplus
- Completed Transmission upgrade in West. Work still to be completed in the North.
- Note the adjustment in 2009 to value of Unwired Fiji investment . Underlying profit after tax increased by 7%.

## Looking ahead 2011

- Expect stronger year, Radio revenue already well up 1<sup>st</sup> quarter
- Fiji Showcase sell out
- SMS income strong
- Great survey results
- CFL CinemADs full year of revenue



# Financial Performance *cont..*

- Re-organisation of Broadband spectrum
  - Some additional operating cost
  - Capital investment est \$150,000
  - Logistical challenge but don't anticipate will have impact on financial performance.
- Underlying profit before tax to increase by 20% \$990,556 (2010: \$825,463)

## Associates

231 Waimanu Rd Ltd (50% shareholding)

- Anticipate similar contribution to previous years \$100,000 profit

Unwired Fiji (35%)

- Under review



# Financial Performance *cont...*



## Subsidiary Company - PNG FM 2010

- PNG FM is enjoying the benefits of a booming economy
- Radio Revenue increase 27%
- TEC showed growth from special events despite no Showcase
- SMS revenue increased by 42% (K135,000)
- Expenditure affected by move . Double rental for 1<sup>st</sup> Quarter
- Profit before tax increase 15% to 36%

## Looking Ahead 2011

- Radio revenue well ahead of 2011
- TEC new events and lots of rental activity
- SMS revenue improved access to Digicel platform

# Financial Performance *cont...*



## Paradise Cinema

- Three (3) State of the art Cinemas, 1 Gold class
- 8.5 million Kina cost
- Partners: PNG FM, City Pharmacy Limited, Damodar Brothers Films Limited - 33.3% Investment , 1 million Kina each.
- Construction Underway, opening mid year
- Provide detailed forecast with half year report, expect to be cash positive early but significant depreciation costs will have negative impact on final result.

# Financial Performance Group

- Forecast for the year ended December 31<sup>st</sup> 2011



## Profit After Tax 2011 & 2010

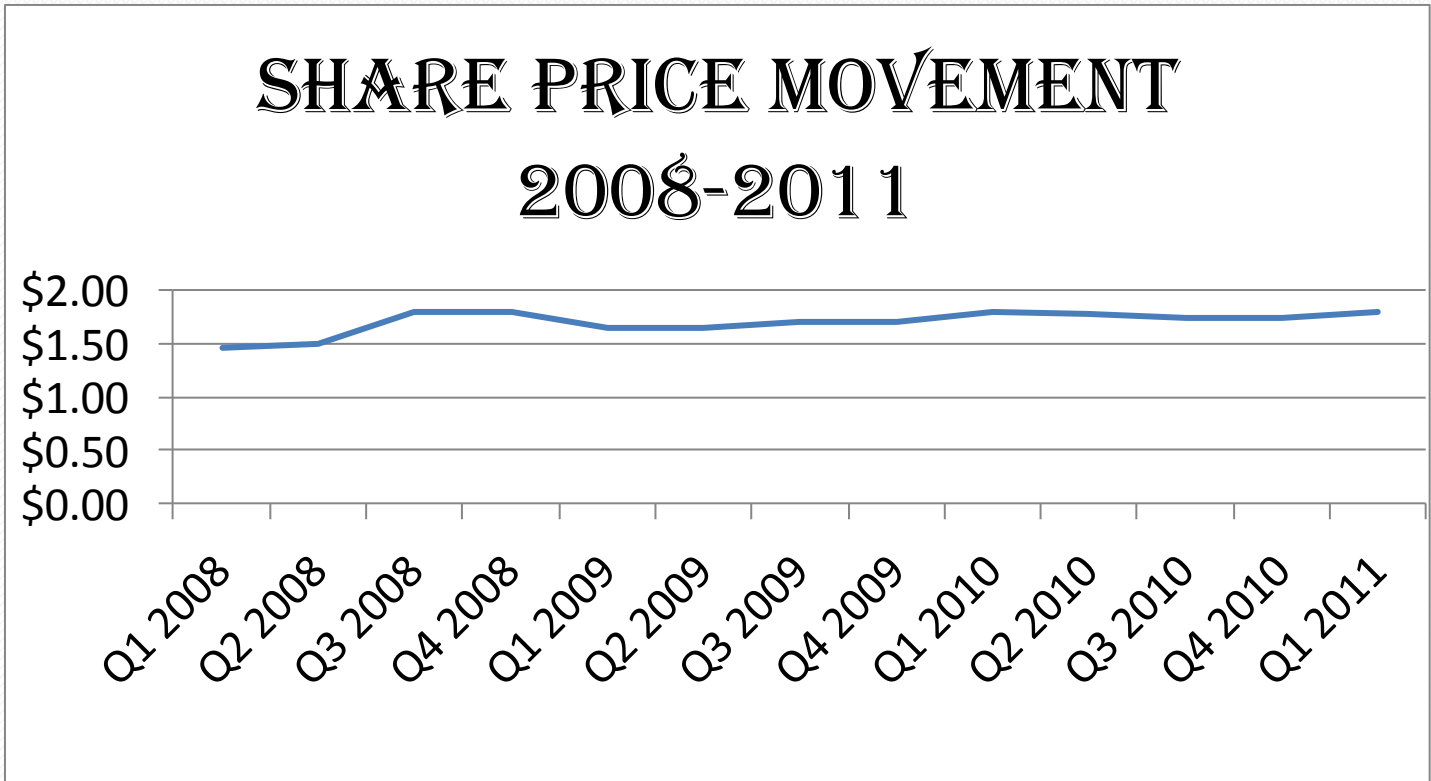
	Est. 2011	2010
CFL Fiji Operations	792,444	787,973
PNG	765,342	638,607
Unwired Fiji	(200,000)	(226,072)
231 Waimanu Rd	110,000	117,530
<b>Group Profit After Tax</b>	<b>1,467,786</b>	<b>1,318,038</b>
<b>Estimated % Increase in Profit After Tax</b>	<b>11.36%</b>	

\* Before adjustment for Paradise Cinemas

# Financial & Operating Highlights



## SHARE PRICE MOVEMENT 2008-2011

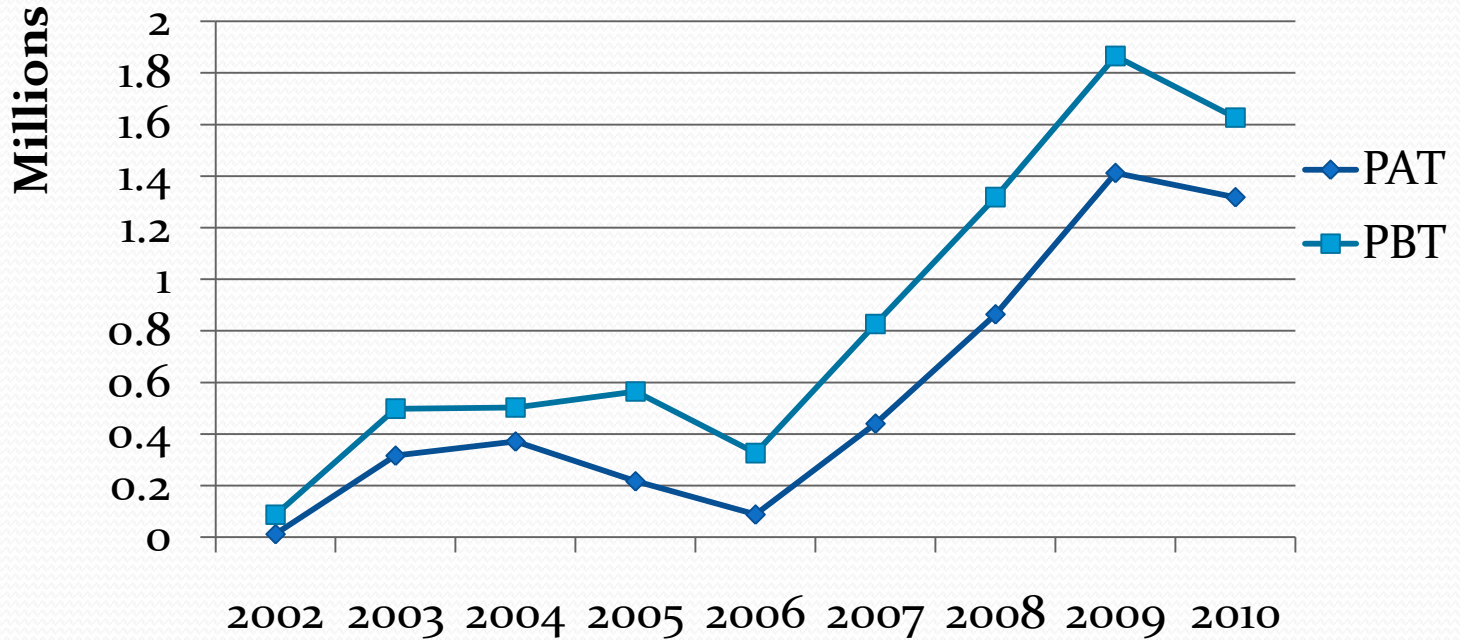


# Financial & Operating

## Highlights *cont...*

### Group Financial trends

## NET PROFIT BEFORE AND AFTER TAX



# Financial & Operating

## Highlights *cont...*

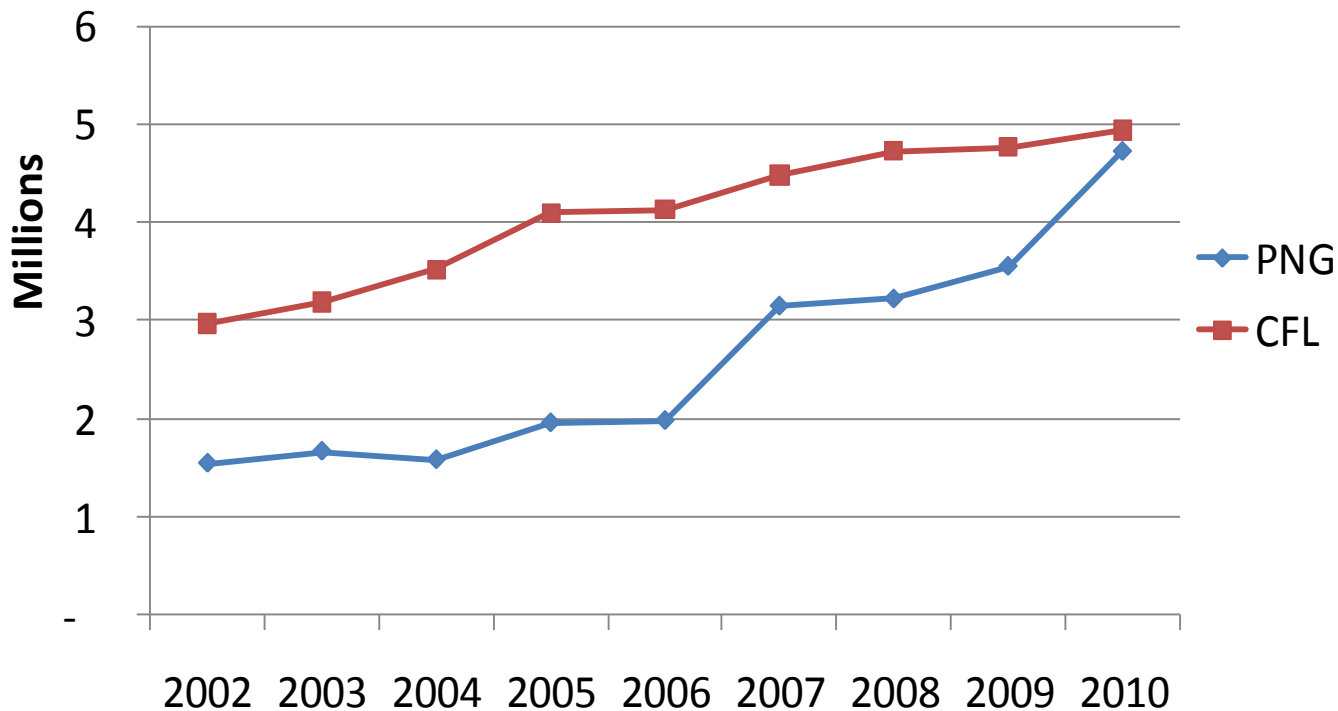
### Group Financial trends



# Financial & Operating Highlights *cont...*



## TOTAL REVENUE OF CFL AND PNG



# Financial & Operating Highlights *cont...*



## Summarised Balance Sheet – Group

	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009	31 <sup>st</sup> Dec 2008
Current Assets	2,227,503	1,674,925	1,907,507
Non Current Assets	8,064,207	7,697,295	6,530,164
<b>Total Assets</b>	<b>10,291,710</b>	<b>9,372,220</b>	<b>8,437,671</b>
Current Liabilities	1,842,070	1,411,133	1,173,985
Non Current Liabilities	1,592,517	1,954,625	2,336,172
<b>Total Liabilities</b>	<b>3,434,587</b>	<b>3,365,758</b>	<b>3,510,157</b>
Net Assets	6,857,123	6,006,462	4,927,514
Shareholders' Equity	6,857,123	6,006,462	4,927,514

# Financial & Operating Highlights *cont...*



## Summarised Cash Flow Statement – Group

	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009	31 <sup>st</sup> Dec 2008
Net Cash provided by operating activities	1,689,926	1,743,664	1,830,369
Net Cash (used) in Investing Activities	(1,188,916)	(1,380,870)	(372,650)
Net Cash Flow (used) in Financing Activities	(435,561)	(655,930)	(1,192,431)
<b>Net (decrease)/increase in cash held</b>	<b>65,449</b>	<b>(293,136)</b>	<b>265,288</b>
Cash at the beginning of the year	120,526	410,791	145,521
Effects of exchange rate changes on opening Cash Balances	(2,059)	2,871	(18)
<b>Cash at the end of the year</b>	<b>183,916</b>	<b>120,526</b>	<b>410,791</b>

# Financial & Operating Highlights *cont...*



## Interest Bearing Borrowings - Group

	31 <sup>st</sup> Dec 2010	31 <sup>st</sup> Dec 2009	31 <sup>st</sup> Dec 2008
Secured Loan	2,153,603	1,803,433	2,122,909
Lease Liability	106,762	127,016	177,720

# Media Industry Development Decree



- No response to previous submissions, have followed up with further requests to lift restrictions on foreign investors.