



World TV Group Plc (B) (A)

AIM - Media

Buy
Unchanged

Interims highlight improving operational performance

Interim results from World TV Plc, the televisual communications group were in line with our expectations and confirmed the transformation from loss to profit at the EBITDA level.

Key Issues

- HI figures to June 06 indicate the corporate communications market is healthy and evolving, particularly on a global basis due to easier distribution. This is demonstrated by WTV gaining webcasting business in the UK, Spain, Switzerland and Australia together with a robust performance from TV production, as indicated by a 3 year contract with the European Space Agency.
- Underlying forecast for 2006 and fair value is unchanged, and current trade offers confidence in these numbers.

Interims: To June 2006 sales were slightly down at £4.75m, although the trend was towards strong growth in webcasting, particularly in the UK, Spain, Switzerland and Australia against lower comparable sales in TV production, principally due to a change in circumstance at a relatively large client. Good control of costs led to a transformation in EBITDA from a loss of £6k to a profit of £116k, the first in the group's Plc history. Interest costs reduced to £8k from £14k and loss before amortisation of goodwill and exceptional was £65k vs £235k. Cash flow was tightly managed with an increase in net debt of £150k to £1.532m, which is after cap ex of £174k (£270k).

Forecasts: Full year 2006 takes account of the previous years cost savings and is apparent in the H1'06 figures with operating costs reducing £471k. We had allowed for the loss of revenue associated with the disposal of Kamera content in March 2005 and Foroso in Dec 2005. Therefore our main assumption in 2006 and 2007 is organic sales growth of 3-5% with sensitivities based around this figure as most costs are directly linked to revenue. The year end debt position is forecast at £1.3m and supported by short term facilities.

Fair Value: Our 12m price target is an initial 1.4p and equates to 1.3x EV to sales, which is a c.50% discount to the media sector and more than allows for small company effect. We believe the core triggers to achieve this level have already been hit with proof of cross selling opportunities, cost savings and a transformation from loss to profit at the EBITDA level.

Share Price: 0.65p
(as at 4:30pm 19/09/06)

12m Price Target: 1.4p

Upside: 115%

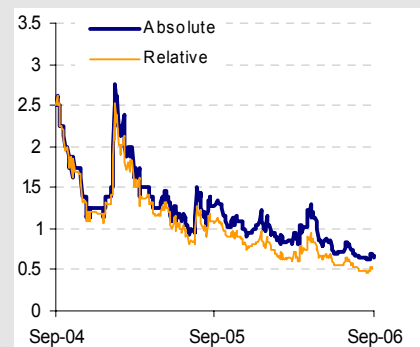
Fundamental View: Positive

Shares in Issue: 761.8m

Market Cap: £5.5m

(Debt FY Pros)/Cash: £(1.3m)

Enterprise Value: £6.8m



Source: Bloomberg

Reuters: WTV.L

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Important disclosures are included at the end of this report.

Year End	Sales £m	PBT* £m	Tax %	EPS*† p	PE Ratio x	EV/EBITDA x	NAV p	DPS p	Yield %
2004 (A)	9.96	-1.65	-7%	-0.38	-1.7	n/a	0.0	0.0	0.0
2005 (A)	9.56	-0.35	23%	-0.03	-19.9	n/a	-0.2	0.0	0.0
2006 (E)	9.30	0.05	0%	0.01	97.5	15.4	-0.1	0.0	0.0
2007 (E)	9.60	0.15	0%	0.02	32.5	11.9	-0.1	0.0	0.0

*Figures pre-exceptionals and goodwill amortisation, † Fully diluted, Source: Company Accounts/BDS Forecasts



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(B) Denotes Brewin Dolphin acts as broker to company

(A) denotes AIM listing

Brewin Dolphin Securities – Recommendation Definition (expected absolute performance over next 12 months).

Buy - 20%+ upside to BDS 12m Price Target
Add - 10% - 20% upside to BDS 12m Price Target
Hold - minus 10% to +10% to BDS 12m Price Target
Reduce – minus 10% to -20% downside to BDS 12m Price Target
Sell - minus 20% or more downside to BDS 12m Price Target

Fundamental View:

Positive - quality company, strong management, strong fundamentals, focussed strategy.
Neutral - ambivalent over the company's strategy, market place, management.
Negative - BDS believes company has fundamental flaws and is not a long term investment.

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