

# World TV (B)(A)

## Software & Computer Services

# REDUCE

### Finals April 07

Final results from World Television Group Plc the video communications group were announced 27/4/07, with the following key issues:

#### Key Issues

- Revenue unchanged at £9.2m and in line with our forecast
- Transformation from loss to profit at EBITDA level
- Convertible unsecured loan notes dated 2004 rolled to May 2007 and to be converted into 900,000,000 shares
- Decision to de-list from AIM, hence change in our recommendation

**Finals:** Although underlying revenue was flat at £9.2m there was a significant shift in business performance with international web casting growing in Spain by 69%, Switzerland +48%, Sweden + 34% and UK +8%. However, these gains were offset by reduced spending in the Corporate TV (UK) as a major client lowered its budgets. Operating expenses reduced by £488k and EBITDA moved from loss to a pre exceptional profit of £99k, in line with our forecast. Exceptional costs associated with Board restructuring (£322k) and non cash items such as share option expenses (63k) led to a reported LBT of £483k. Net debt increased in the period from £1.38m to £1.66m, although has subsequently reduced by c.£0.6m due to a post year end disposal.

**Current Trade & Forecasts:** Four months into the year similar sales trends are being experienced with international growth in web casting being offset slightly by lesser sponsored programming for corporate TV. The cost base remains well controlled, hence our forecasts remain unchanged. Please note our forecast EPS is based on fully diluted number of shares.

**De-list:** The Company announced plans to de-list from AIM, which requires shareholder approval. The timetable is to issue a circular in mid May and vote at the AGM in mid June. The loan notes dated May 2007 also plan to convert into 900,000,000 ordinary shares giving the concert party c.79.7% of ordinary shares from the current 55%. Post de-listing from AIM the company plans to set up a dealing facility for shareholders, although this is likely to be in the form of a matched bargain basis, which can limit liquidity.

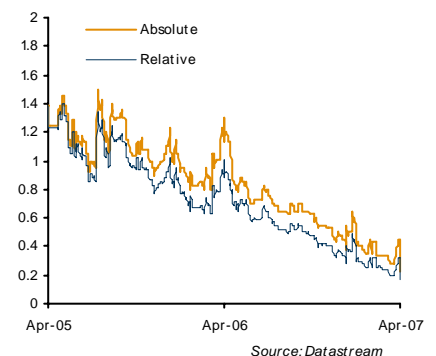
**View:** Our historic recommendation was based on a loss making company turning into a profitable concern, which has yet to happen but is implied by our forecasts. To this end there could be perceived value within the company, particularly on a prospective EV/EBITDA basis relative to the media or technology sector. However, the decision to de-list and the resultant lack of liquidity have led us to reconsider our view and therefore solely on the basis of realisable value we change our recommendation to reduce.

Forecasts only quoted for 1 year due to de-listing proposal

### Date

27th April 2007

Share Price:	<b>0.23p</b>
12m Price Target:	<b>De-list</b>
Upside:	<b>n/a</b>
Fundamental View:	<b>Neutral</b>
Forecast Sensitivity:	<b>3</b>
Shares in Issue:	<b>772.6m</b>
Market Cap:	<b>£1.7m</b>
Forecast Cash/(Debt):	<b>£-0.9m</b>
Enterprise Value:	<b>£2.6m</b>



Reuters: **WTV.L**

Analyst:

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Important Disclosures are included at the end of this report.

Year End January	Sales £m	PBT* £m	Tax %	EPS† p	PE Ratio x	EV/EBITDA x	FCF/Share p	DPS p	Yield %
2004(A)	10.0	-1.7	0.0	-0.4	n/a	-1.1	n/a	0.0	0.0
2005(A)	9.6	-0.4	0.0	0.0	n/a	-84.4	n/a	0.0	0.0
2006(A)	9.2	-0.2	0.0	0.0	n/a	35.1	n/a	0.0	0.0
2007(E)	9.6	0.2	0.0	0.0	n/a	5.3	n/a	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 the company      **(A)** Denotes AIM listing

**Brewin Dolphin Securities Research - Recommendation Definition (expects 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.

### Forecast Sensitivity:

1 = highly likely downgrade      2 = likely downgrade      3 = neutral      4 = likely upgrade      5 = highly likely upgrade

### Prices of other securities mentioned: None

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