



World TV Plc (B)(A) AIM (Computer Services - Media)

Strong Buy
Unchanged since 15/12/05

Final Results ahead of expectations

World TV Group Plc (WTV) the international webcasting and multimedia visual communications company has delivered final results ahead of our expectations and begun 2006 with a stable and sustainable platform in which to grow.

Key Issues

- Finals to Dec 05 showed underlying revenue growth of 7% to £9.6m being underpinned by a large number of projects (>10,000) over 35 countries indicating the demand for WTV services and the ability of the company to deliver televisual communications on a broad scale.
- EBITDA (pre Ex) loss of £37k, c.£290k ahead of our expectations and compares favourably with the previous year loss of £1.087m. This highlights management cost saving initiatives during 2005, which delivered annualised savings of £1.4m, c.£0.5m ahead of initial expectations.
- The corporate communications market is healthy and evolving strongly due to easier distribution. However, competition within each segment and geography remains high, therefore WTV's broad geographic spread and high value added services differentiates the group and reduces specific technological or geographic risk.
- Current trade suggests the year has started well and this offers confidence the group can be transformed from loss to profit.

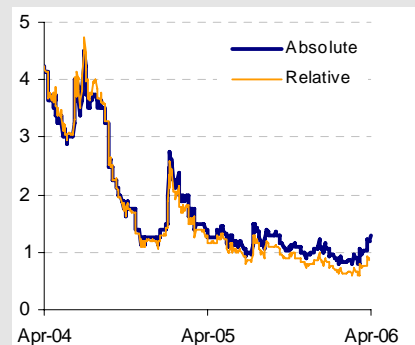
Forecasts & Finance: 2005 was a year of reorganisation, restructuring and cost savings, which has all been achieved. 2006 takes account of full year cost savings effects together with the loss of revenue associated with the disposal of Kamera content in March 2005 and Foroso in Dec 2005. Therefore our main assumption in 2006 and 2007 is organic sales growth of 5% with sensitivities based around this figure as most costs are directly linked to revenue. In current trade client retention rates and new wins have been solid and new digital services are being developed suggesting a robust outlook for 2006. In terms of finance the group has made a provision for historical (March 2000) PAYE/NIC liabilities of £496k, although this is subject to full recovery in due course. The year end debt position is £1.4m and forecast to improve, which is supported by short term facilities.

Fair Value: Our 12m Price Target is an initial 1.4p and equates to 1.2x EV to sales, which is a c.50% discount to the media sector and more than allows for small company effect. We believe the trigger to achieve this level has already been hit with cost savings and proof of the cross selling opportunity. Looking forward we feel a further increase to fair value is viable as the group transforms from loss to profit, which is forecast in 2006 and should be visible by the H1 weighted interims in Sept/Oct.

Share Price: 1.15p
(as at 8.00am 28/04/06)
12m Price Target: 1.4p
Upside: 22%

Fundamental View: Positive

Shares in Issue: 761.8m
Market Cap: £8.8m
(Debt)/Cash: £(1.1m)
Enterprise Value: £9.9m



Source: Bloomberg

Reuters: WTV.L

Analyst:

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Important disclosures are included at the end of this report.

Year End	Sales	PBT*	Tax	EPS*†	PE Ratio	EV/EBITDA	NAV	DPS	Yield
Dec	£m	£m	%	p	x	x	p	p	%
2004 (A)	9.96	-1.65	-7%	-0.38	-3.1	n/a	0.0	0.0	0.0
2005 (A)	9.56	-0.35	23%	-0.03	-36.7	n/a	-0.2	0.0	0.0
2006 (E)	9.30	0.05	0%	0.01	179.9	25.2	-0.1	0.0	0.0
2007 (E)	9.60	0.15	0%	0.02	60.0	19.8	-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).

Strong Buy - 20%+ upside to BDS 12m Price Target
Buy - 5% - 20% upside to BDS 12m Price Target
Hold - minus 5% to +5% to BDS 12m Price Target
Take Profits – minus 5% 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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